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Conflicts in China ... 545
Economic and Social Problems of Transition to an Industrial Economy ... 547
The Youth and Communist Student Fronts ... 549
Underdeveloped Fisheries in the Far East ... 553

China

Resolutions of Peking's People Political Consultative Conference ... 555
Peking's Huge Wage Bill ... 556
China Peasants and Cooperatives 558

Taiwan

Problems of Taiwan's Export Trade ... 558

Japan

Vinyl Chloride Industry in Japan 560

Indonesia

Cities of Indonesia ... 562

Malaya

Malaya's Mineral Output ... 566

Hongkong

Hongkong Trading Partners in 1956 (Part III) ... 567

Finance & Commerce

Investing in American Securities 571
Hongkong Exchange Markets; HK Share Market; Singapore Shares; Trade Reports ... 572

CONFLICTS IN CHINA

For some three months now the Chinese Communist leaders and mouthpieces have been talking, conferring, and writing on practically nothing but the contradictions, or conflicts, within the ranks of the people. Neither on the transformation of industry and commerce, nor on the collectivisation of agriculture, was there such an immense flood of theory. Events elsewhere in the Communist world, especially in Hungary and Poland, have provided a background for this torrent of discussion, and also to some extent its spiritual condition, for the Hungarian uprising went deep in spite of all the official propaganda about a purely counter-revolutionary upheaval. It could hardly be hidden from the Party folk, whatever the general public were told, that the people who took to the streets were precisely those classes who made their own revolution, the students, intelligentsia, and the skilled and unskilled industrial workers, and that the army were so much with the demonstrators that only the full-blooded intervention of the Soviet Army could put it down. And the policy of justification to which the Peking leaders committed themselves invites the implication that it would be quite logical to call in the Russians in the North-east and elsewhere in China if any turn in the Chinese situation called for it.

The first of the current series of ideological disquisitions in Peking, published in "Current Events" on January 21 as an editorial, revealed how much recent events in Central Europe shook the Communists in China, as the meeting of the British Communists in national congress which began on April 19 revealed how they, too, had been shaken. The fiction is still maintained that the upheaval in Hungary was led and organised by "counter-revolutionaries and Imperialists," so that the very basis of all theoretical arguments is a lie. "The imperialist-inspired and supported counter-revolutionaries overwhelmed the Socialist force and madly killed the Hungarian Communists and the toiling people. But the rebellion was rapidly crushed by the honourable Soviet Army, who extended timely assistance to the proletarian force in Hungary." That is what the Chinese editorialist for the Centre had to say, though he did add, revealingly and inconsistently, that "Hungary remains in a difficult situation now, requiring quite a long time to build a solid proletarian dictatorship and to heal the various wounds inflicted by the sabotaging activity of counter-revolutionaries." But they all know, as did the apologist himself, that the miners and steel workers and the students were the leaders in this revolt, and that the people they hunted down were the secret police. They also know that, though all is quiet and the Kadar Government is firmly in the saddle, it is hated by the people and has no moral support among them. Few Communists anywhere ever believed that they who seized power by force could be unseated by similar action or even provoke it. They were the final answer: after them came nothing but the withering away of the State and its "life's garbage, bureaucratism," as a recent controversialist in Peking put it. But now every Communist everywhere realise that they are not the end: that there is something to come after. One has only to see the new disillusionment and bitterness of the new Communist Youth to realise why it was that Secretary of State Foster Dulles could say outright that Communism is no longer "the wave of the future."

But Peking is concerned for the moment with the revisionist clamour in all Communist Parties as a result of this crisis of the conscience, the nerves and the moral sense. Revisionism, it says, must be overcome as an issue of principle within the Communist movement. Whatever they may do with words will have less concrete effect than, for instance, the widespread disillusionment and dissatisfaction among Chinese Youth. The most it can do is to stave off a crisis of action. But this, again says Peking, is merely the petty-bourgeois 80% creeping out of the past once more. They created, after all, the May 4 movement in 1919 which produced the birth of the Chinese Communist Party; but if, after all these years, it is still such a great factor, how must the future be viewed?

Even the "mistakes" inside the Party were attributed by Lu Ting-yi in his long disquisition on March 5 to the petty-bourgeois heritage. These people were now members of the Party but, he said, they are "ideologically not qualified at all or are not fully qualified for admission into the Party." Both leftist mistakes and rightist sentiment were blamed on them, just as the Hungarian revolt was blamed on others—not the soldiers, workers, students and peasants who did actually cause it. But as Lu Ting-yi sees it, "the inner Party struggle is basically a struggle between the Correct Thought and the Mistaken Thought." But he takes good care to warn the Party boys that in correcting the mistaken thought they must refrain from the "rash and harsh methods of a struggle," but instead resort to delicate and painstaking ideological education while being very stern about this rectification. The method of treatment must embody both sternness and caution —and for the very good reason that an ideological crusade which employed the methods of the "five anti" would lead infallibly to a bigger upheaval now than was witnessed in Hungary. He points out that when the dogmatists adopted the socalled "cruel struggle and merciless attack" method under the Wang Ming line, the Party was greatly weakened instead of expanding and the revolution suffered a great setback. It is this matter of technique which enabled Mao Tse-tung to prevail when men like Chen Tu-hsiu, Li Li-san and others failed. There is much more in the matter than right or wrong thoughts, but it is certainly useful to treat differences on that basis, since it is in a way the very essence of the Parliamentary method—though in all cases each is certain he is right and the other wrong. But merely arguing it out almost automatically produces a synthesis. "The dogmatists and empiricists always adopt a fixed, rigid and metaphysical viewpoint to observe and deal with problems," says the Party propaganda chief. "To them, things contradictory cannot be united and things that can be united are free from contradiction. In the class struggle, their strategy calls either for an 'all-out struggle without union,' or an 'all-out union without struggle.' In the inner-Party struggle, their method calls either for sectarianism which advocates 'cruel struggle and merciless attack' or liberalism, which advocates the maintenance of 'unity' without regard for principle." They thus become leftist or rightist opportunists. The subjectivists' method of thinking, he adds, is always formulistic. "They list explanations under 1, 2, 3, 4, and under a, b, c, d, etc.," as Mao Tse-tung wrote when ridiculing them. "They do not know that the substance of things is definitely not made up of numerous points but two points or two phases —that is, the two phases of a contradiction."

Nor, may we retort, are words the substance of the issues now pressing upon the body physical as well as the body politic in China and in other Communist countries, where the cry is ascending that "man does not live by bread alone." The People's Daily disquisition on April 13 on contradictions between the people and their leaders attributed them to "the different positions occupied by the people and the leadership," which rates the position no higher than the normal Party conflict in, say, the American Congress or the British Parliament. Such contradictions, it is averred, emerge from "a basic unanimity of fundamental interests and are not of an antagonistic nature." They are entirely unlike contradictions between our enemy and ourselves emerging from a clash of fundamental interests. But it is the job of every opposition to change the Government in the "bourgeois West." At what point does this apply—as it certainly applied in Hungary—to the contradictions in China?

The other exercise in apologetics, also printed as an editorial in the People's Daily on April 17, recalls the concept advanced during the "rectification campaign" in 1942 of solving contradictions within the ranks of people through pursuing the issue within the framework and desire for unity— the concept of "unity-criticism." It required the exercise of criticism and self-criticism in a more vigorous way in the people's congresses and political consultative conferences at all levels, in Government organisations, in daily contacts with people, of party and government functionaries at all levels and among the people themselves. However criticism to achieve results must be "comradely and realistic and proceed from the desire for unity." But all the theory in the world cannot shorten queues, improve rations, and change the irritations and antagonisms which have been developing so fast within the past year—the first year of transformed economy.

ECONOMIC AND SOCIAL PROBLEMS OF TRANSITION TO AN INDUSTRIAL ECONOMY

By **W. Arthur Lewis**, PH.D.

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In this paper 'industrialization' is defined in a wide sense to mean the application of capital and of scientific techniques to economic activity. The modernization of agriculture, mining, and other activities is as relevant as the growth of manufacturing industry. This paper is concerned with some of the features involved in a transition from subsistence production towards specialization, exchange, and production for markets. Industrialization thus defined involves many pre-requisites and consequences; of these the following seven are chosen for their brief comment:

1. Changes in land tenure.
2. The growth of working for wages.
3. Urbanization.
4. Saving and investment.
5. Competition.
6. The growth of population.
7. An increase in taxation and in government activity.

1. Changes in Land Tenure

Industrialization requires that a person who desires to develop a piece of land should be able to get a good title to it—not necessarily a freehold title, but a long lease. In many subsistence economies titles are uncertain because boundaries are uncertain, or because the title vests in a large number of persons none of whom is free to act without the consent of all the others, or because different persons have different rights over the same piece of land. Cadastral surveys and land registers help to reduce confusion, but in the interim before these are established, the transition from a subsistence economy enables lawyers to make fortunes out of land cases.

The situation is more complex when land ownership vests not in families or individuals but in communal authorities. It may not then be possible to acquire a good title to use land unless one belongs to the tribe. Even if some use is permitted, exclusive rights may not be obtainable if communal use is the practice. Communal use of land for grazing, or for cultivation, has not proved compatible with improvement of agricultural techniques, or with investment in land. It is sometimes suggested that the appropriate evolution from communal tenures is not towards individual use but towards co-operative management. But co-operative production is extremely difficult to organize and to operate successfully (much more difficult than co-operative marketing or credit). While it may meet the needs of some communities, evolution towards exclusive individual use, subject to communal controls, is more common, and is in places urgent.

In some overcrowded parts of Asia the farmers are tenants, the land being owned by a small landlord class. Tenant farmers have no incentive to invest in improving land if they have no security of tenure, or if a principal consequence will be to increase the rents they pay. A landlord class which merely collects rents, and takes no responsibility for investing in improving the fertility of land, serves no useful economic purpose, and is a drag on productive effort.

Changes in land tenure are the more difficult to achieve in subsistence economies because land in such economies is not only the chief factor of production, but the chief security for individuals against poverty. It is also often a source of political power; or a link between members of a family, past and present (it may contain the bones of one's ancestors); or it may even confer a right to the services of other persons (as in the extreme case of serfdom). Land is therefore not bought and sold freely like other commodities. The transaction from the exalted role of land in a subsistence economy to its minor and commercialized role in an industrial economy involves a revolution in mental attitudes.

2. Working for Wages

Another mental revolution is involved in learning to work for wages under the direction of strangers, with other strangers, instead of working on one's own farm in one's own way, with family or friends. What makes wage employment inevitable is the economy of large-scale production. This economy is most marked in manufacturing industry, in mining, and in some forms of transportation; it is not as great in agriculture, in retail distribution, or in some other spheres. If production could always be organized successfully in co-operatives, the economies of scale could be secured without wage employment, but co-operative production has been successful only on a relatively small scale.

The transition to industrialization therefore requires that people should offer themselves for wage employment. Recruitment presents little difficulty in over-populated countries. But in countries where everybody has access to as much land as he requires, labour for wage employment is scarce. Industrialization cannot then proceed at any significant pace unless steps are taken to create an industrial proletariat—as by depriving the people of their lands, or by imposing taxes on them which drive them to seek wage employment, or by ordering chiefs to provide gangs for forced labour. Alternatively, labour has to be brought in from outside and kept in slavery or in indentures. Most of the industries in Africa which employ large numbers for wages have used direct or indirect force initially to secure their labour, and some still depend on such devices.

Working for wages also raises the difficult problem of the appropriate division of the product between the worker and the others who co-operate in production. The line originally taken by entrepreneurs in subsistence economies has been that the worker deserves no more than the pittance which he could produce for himself if he remained in the subsistence sector of the economy. All the surplus product of the industrial enterprise was therefore deemed to belong to the investors of capital. This philosophy has not appealed to trade-union organizers, or to those governments which are independent of control by investors of capital.

3. Urbanization

Economic development brings urbanization because it diminishes the role of agriculture. This is obviously so in countries which are overpopulated agriculturally, since in such cases one of the principal development opportunities is to provide employment for the surplus labour in manufacturing industry, part of whose product is exchanged for food imports (e.g. Britain, Japan, India, Jamaica). However, even where land is abundant, the rise in the standard of living which economic development makes possible increases the demand for manufactured products, some of which it will be more economical to produce at home than to import. The development of mining may also create large concentrations of population.

An effort may be made to avoid urbanization by stimulating cottage and handicraft industry as an alternative to factory production. In countries where millions are already engaged in cottage industry, as in India, it is obviously economical to concentrate scarce capital resources in the first instance on developing new capital-intensive industries (such as steel, engineering, electric power, water-supplies) before invading fields where the inferiority of cottage methods is less marked (e.g. weaving). Nevertheless, as development proceeds, the sphere of cottage industry must be expected to contract. Some cottage industries will hold their own if the workers are taught new techniques and given access to capital and to good market organization; new ones may even develop to produce parts and components, brought in by manufacturers for assembly, or to work in new materials, such as rubber or plastics. But the growth of large-scale factory industry in substitution for some cottage industries and in addition to others is inevitable if the standard of living is to rise.

The dispersal of factories in the countryside may also be attempted. The difficulty here is that there are some economies of geographical concentration, such as the common use of transport facilities, of engineering services, of gas, electricity, and water, and so on. Factories are also interlocked with each other, often selling to each other as much as they sell to the final consumer. Dispersal of factories throughout the countryside in isolation from each other is luxury which few poor countries will feel they can afford.

The social consequences of urbanization are not always accepted by employers. Some prefer to rely on a shifting migrant labour force, coming in from the villages on short contracts and returning there, instead of building up a permanent labour force. This policy has worked well in Japan in the employment of female labour, but its justification there is that the girls will return to their villages on marriage in any case. The policy is also inevitable in working mines whose life is very short. But the policy is also pursued in other cases for such reasons as: to avoid providing proper family houses, since migrant labourers can be housed in barracks; to avoid responsibility for unemployment pay, or old-age pensions; or to discourage the growth of trade unions. The policy is of doubtful economic value, since the productivity of migrant labour is low, and its social and moral consequences are deplorable. It is better to face up to urbanization, and to tackle the problems which it creates.

More particularly, on the economic side urbanization demands the paraphernalia of the welfare state—unemployment insurance, old-age pensions, health services, schools, and so on. Industry must be prepared to bear its own burdens, and must not expect the villages to support its unemployed, its aged, and other rejects. Urbanization can also be made a source of pleasure and of dignity. In the past industrialization has been associated with drabness and slums, but this is no longer necessary. The well-planned town, with its parks, schools, hospitals, electric light, libraries, water-supplies, cinemas, bars, and other places of entertainment can offer more opportunities for an enjoyable life than are usually found in villages.

4. Saving and Investment

The creation of new assets through investment is, with improved techniques, the main source of increases in living standards. But investment has to be financed by saving.

In practice the chief savers in any community are members of the capitalist class. Wage-earners, farmers, landlords, and members of the middle classes save very little. It is very desirable to encourage these classes to save more, through propaganda, and through developing savings institutions such as post office savings banks, co-operative thrift unions, insurance societies, building societies, and so on. Farmers in particular are prone to fall into the clutches of money-lenders, with disastrous effects on incentives, unless they operate within a carefully devised legislative and financial framework. However, given the expenditure habits and the social aspirations of members of the wage-earning and salaried classes, it is likely to remain the case that the bulk of private saving will be done by traders, industrialists, shareholders in corporations, and other capitalists. It will also be the case that private saving will be small so long as the capitalistic sector of the economy is small, and will grow relatively to national income (say from 5 per cent. to 10 per cent.) only as the capitalist sector expands relatively to the rest of the economy. It follows also that if saving depends upon private effort, and mainly upon the capitalist class, economic development will be associated with a few people owning more and more private wealth.

Since the number of savers in a subsistence economy is small, enterprises involving large amounts of capital are normally financed from outside by foreign investors. Reference was made to the dispute over the division of the product which is inherent in any collaboration between capital and labour. When the capital is owned by foreigners this dispute tends to be even more bitter, since considerations of race and of nationalism are brought into it. Nevertheless, given the scarcity of domestic capital, foreign capital makes possible a more rapid transition from subsistence production, and a more rapid rise in living standards for all concerned. To create new patterns of collaboration with foreign capital, acceptable both to investors and to national pride, is one of the most important tasks of the poorer countries in the second half of our century.

Reliance on private capitalists, domestic or foreign, is diminished if the government itself achieves substantial savings. This has been achieved by those governments which seized the opportunity presented by rising prices in export trade to levy stiff taxes upon exports (either directly, or through impounding the surpluses of statutory marketing agencies). In general, if there is to be a sharp increase in domestic saving above current levels, this can be achieved only by compulsion—whether by levying taxes which bring in more revenue than is required for expenditure on current account; or by indulging in inflation, which increases the profits of private capitalists, as well as providing governments with extra financial resources. There are political dangers in either of these forms of compulsion, which make democratic governments cautious in resorting to their use.

5. Competition

Industrialization involves change, and therefore frustrates the established expectations of many people. They find themselves faced with competition for goods or services which they had expected to acquire cheaply, or with competition for custom which had previously been more easily secured. The onset of industrialization therefore always raises a cry for protection. The old traders demand protection from new traders, with new techniques: the old craftsmen demand protection from machines, or new craftsmen, or imports: and so on.

An important aspect of these changes is the increase in social mobility. The old ruling classes cease to have the same significance, and their power is challenged by traders, by the products of schools and by other new men. Social differentiation results in the creation of new classes—of a bourgeoisie, of a professional middle class, of a white-collared lower middle class, of various classes of skilled workers, and so on. In the process, the traditional hierarchy of social prestige is destroyed.

Class differentiation rouses acute problems if there is any tendency for it to follow racial lines. All tropical countries are involved in these tensions because their development has been associated with immigration, both of white people, and also of people from other parts of the tropics. These immigrants have usually occupied the superior economic positions, and in some cases they try to prevent these positions passing into the hands of people coming up from below. The industrial colour bar, the reservation of administrative jobs, commissions in the army or bishoprics for persons of particular races, the reservation of the most fertile lands, or the lands nearest to the railway for particular races—these are familiar aspects of life in the tropics. They serve as a brake upon economic development, since anything which prevents the community from using people's talents in the positions for which they are best fitted must serve to keep down the level of output.

6. Population

If unrestricted, the birth-rate in tropical countries is around 40 per 1,000 of population. The death-rate can be brought down by modern medicine to 10 per 1,000. If the birth-rate remains at 40 while the death-rate is down to 10, population doubles in about 25 years. If this were to happen all over the world, the world's population would reach 173,500 thousand million by the year A.D. 2330, at which time there would be standing room only, since this is the number of square yards of the land surface of the earth. Even at the present rate of growth of world population, which is only 1.3 per cent. per annum, there would be standing-room only in 900 years from now.

It follows that if man is going to bring his death-rate down from 40 to 10, he must bring his birth-rate down to about the same level, or he will soon be in a pickle. Industrialization brings down the death-rate, and therefore requires measures to be adopted which will induce people to bring down the birth-rate.

Apart from the question of standing-room, and even assuming that scientists solve the problem of feeding people from a restricted area, population growth keeps down the standard of living because savings which could otherwise be used to increase capital per head have instead to be used to provide houses and equipment for the growing number of hands. In under-populated countries this may be offset by the economies which having a large concentration of people brings to some activities, such as some forms of manufacturing, transportation, and electricity supply. Thus many parts of Africa are under-populated. On the other hand, many parts of Asia are already substantially over-populated.

The need to bring the birth-rate down is one reason for pushing ahead with economic development as rapidly as possible, since (as far as we know) it is the changes associated with economic development which induce people to limit the size of their families. Slow development brings down the death-rate but not the birth-rate. From the point of view of solving the population problem one should have either no development or rapid development—the intermediate pace which most tropical countries have had during the last hundred years is the worst from the population viewpoint.

7. Taxation

Industrialization is gravely handicapped unless there is an adequate framework of public services—roads, schools, research institutes, agricultural extension services, water-supplies, public-health services, and other services normally financed out of taxation. In the most backward countries people pay on the average 6 per cent. or less of their incomes in taxation, so it is not surprising that these countries remain backward. In the most advanced tropical countries about 20 per cent. of the national income is paid in taxation, and even this does not secure standards of service comparable with those in industrialized countries.

To get the people to agree to an adequate level of taxation is one of the most urgent and most difficult challenges which democratic politicians have to face in the tropics today.

Besides an increase in expenditure on public services, economic development also requires an increase in government activity in or for the private sector of the economy. Industrialized countries have an educated population, with a great many people taking initiatives of all sorts. Subsistence economies have very few people with education, or with knowledge of what is possible, to take initiatives in research or in enterprise. There therefore falls upon the government a greater burden of leadership, of guidance, and of control than is necessary in an industrialized country. On the other hand, the governments of the tropical countries are not rich in administrative talent or experience, and cannot operate as efficiently as other governments. There is thus the paradox that the countries which need the more effective administrations are also the countries which are least able to provide efficient administration. In the days of colonialism the tropical countries depended on industrial countries to provide efficient administration. Those days are over. But the industrial countries can still help the tropical countries to administer themselves better, and it is one of the challenges of this half of our century to devise forms of partnership which will make this possible in free and friendly association.

THE YOUTH AND COMMUNIST STUDENT FRONTS

By John Clews

We have now seen the unfolding of a worldwide Communist-inspired propaganda campaign urging young people to "come to Moscow" for the "Sixth World Festival of Youth and Students for Peace and Friendship," scheduled to take place from July 28 to August 11, 1957. In addition to tens, possibly even hundreds, of thousands of Soviet participants, the organizers count upon drawing as many as 30,000 dele-

Mr. Clews, a British writer on international affairs, is particularly interested in the activities of Communist front organizations. He has first-hand knowledge of the functioning, purposes, and leading figures of the World Federation of Democratic Youth and International Union of Students.

gates from outside Soviet boundaries to join in a program subtly designed to impress upon them the "richer life" under communism.

Five previous gatherings of this nature have been held under Communist auspices: at Prague in 1947, Budapest in 1949, East Berlin in 1951, Bucharest in 1953, and Warsaw in 1955. Sooner or later, when the Soviet planners considered the time ripe, Moscow's turn was bound to come, and 1957 has been fixed as the appointed year. Two major reasons, one organizational and the other ideological, influenced this decision: organizationally, the Russians are only now equipped to cope with relatively large numbers of visitors; ideologically, 1957 marks the fortieth anniversary of the Bolshevik Revolution and, as such, is to be highlighted by worldwide party celebrations.

The groundwork for the 1957 youth gathering is well under way. In the USSR itself, preparatory work began in earnest last spring. At the beginning of August, the International Festival Preparatory Committee met in Moscow, attended by over 100 representatives from 52 countries including all members of the Sino-Soviet bloc, as well as Britain, Italy, Greece, Ceylon, Ecuador, and Mexico. According to Tass News Agency, the meeting heard "enthusiastic" reports on the progress of preparatory work in the various countries.

On August 18 the committee addressed an appeal to the youth of all countries laying particular stress on the non-political objectives of the 1957 festival. "Greater mutual understanding, confidence and friendship," stated the preamble, "are gradually being established. . . . In these circumstances the aspirations of youth for cooperation, friendship and peace are growing." The appeal continued: The festival is open to all youth, irrespective of its convictions, race, religious beliefs or nationality. No political, ideological or other tendencies will prevail at the festival. It will be held in the spirit of mutual respect and understanding, in the spirit of the friendship of the youth of all countries. Its program . . . reflects the hopes and interests of various groups and strata of youth.

Despite this disclaimer of "political tendencies," they will most certainly be present even if somewhat more disguised than hitherto. As outlined by the Preparatory Committee, the 1957 festival program follows the pattern of the past in providing for various kinds of "seminars" and discussion groups, as well as for excursions. The former will constitute the political pill, and the latter will provide the sugar coating. The technique will thus be unchanged; only the sugar coating is likely to be a bit thicker.

Although the Preparatory Committee ostensibly held its Moscow meeting to decide the festival program, its "decisions" had curiously been anticipated three months earlier by A. Rapokhin, a secretary of the Central Committee of the Soviet Young Communist League (Komsomol), writing in the monthly Komsomol organ Molodoi Kommunist (No. 6, 1956). Rapokhin not only outlined the program virtually as it was later adopted by the international committee, but also spoke of the purposes of the world youth assemblies in terms which belied the professions of non-political intent contained in the committee's August 18 appeal. These festivals, he declared, . . . are a big contribution by young people to the universal fighter for peace, national independence, and a better future. They are an effective means of uniting young people of different political trends and convictions, and of establishing collaboration between national and international youth organizations. . . . The preparations for the (Moscow) festival are proceeding under conditions of a new and mighty upsurge of the movement of the peoples for the prevention of a new war and for the peaceful settlement of all international problems.

By this reiteration of the old-style "peace" language of the Cominform, Rapokhin put the nebulous assurances of the later committee appeal into more correct perspective and disclosed the real function of the festivals, which is to promote the current political strategy of Moscow. The 1957 gathering, he emphasized, "will take place in the capital of the first socialist state in the world, and therefore the interest of foreign youth in the new festival is combined with a tremendous desire to see the Soviet Union with their own eyes, to get to know our young people, their affairs and their thoughts."

Of particular interest in Rapokhin's catalogue of special events planned for the 1957 festival was a meeting of rural youth to be held on the site of a concurrently scheduled All-Union Agricultural Exhibition in Moscow, the purpose of which will be to extol the achievements of collectivization. This and similar measures, he added, "will help the envoys of youth from various countries to find a common language in the solution of such problems . . . as the fight for peace, for the rights of youth, and for a better future."

The organizations activating this search for the "common language" are the World Federation of Democratic Youth (WFDY) and International Union of Students (IUS), which have operated as Communist fronts in their own special sectors for the past decade. Despite this long activity, there is still much confusion about the identity and functions of the two bodies, the New York Times, for example, referring to the September 1956 IUS Congress at Prague as a "Youth Congress."

Early Development

Indeed, the fact that separate youth and student organizations exist is interesting in itself. When the WFDY was formed in November 1945, the Soviet representatives opposed a separate student organization and advocated instead the inclusion of a student section within the WFDY, so as to make it an international replica of their own Komsomol. Various West European groups, however, insisted upon an independent student organization, and in 1946 the Soviet objections were withdrawn in return for certain concessions to their own point of view. The inaugural IUS Congress was staged at Prague in August 1946, its proceedings clearly reflecting Communist domination.

In 1945 the claimed membership of the WFDY was 30 million, rising by ten years later to over 80 million in nearly 100 countries. The IUS, of course, is much smaller: it claimed a 1955 membership of vaguely more than 5 million students in 72 countries, compared to 1.5 million in 38 countries in 1946. Significantly 1956 has seen a contraction of the claimed IUS figures by 2 million students and 36 countries compared to 1955.

Diffidence about membership details makes it difficult to ascertain the breakdown of these figures, but the bulk of the members are obviously in the countries of the Sino-Soviet orbit, particularly the USSR and China which both have youth and student unions running into millions. Most of the non-Communist organizations which supported the WFDY and IUS at the beginning had defected by 1949, and the rest have since followed suit. Today no major non-Communist youth organization supports the WFDY, while the IUS can claim only 20 national student unions in its ranks, with a dozen of these from Communist countries.

The originally avowed aims of both organizations, as stated in their constitutions, sounded highly commendable: the promotion of international understanding and cooperation, the furtherance of all the freedoms and the rights of young people to good conditions of employment and reasonable standards of living. But disillusionment came with the realization that, in practice, these fine purposes were translated into attacks on Western policies and efforts to impose the Soviet viewpoint. On the other hand, there was a "conspiracy of silence" regarding attacks by Communist authorities on the rights of youth and students. The WFDY, for example, ignored the post-1948 suppression of the Scout and Guide movement in Communist Czechoslovakia; similarly, the IUS passed off the mass expulsions of students from Czechoslovak universities in 1948-49 as a mere "weeding-out" process without political motivation.

Expulsion of Yugoslavs

What attraction the two organizations still held for idealists as expressions of world youth and student unity was finally shattered following the Cominform break with Tito. In 1950, both the WFDY and IUS toed the Moscow political line by expelling their Yugoslav member organizations, as did all the other international Communist fronts. The process by which the IUS carried out its expulsion action at an Executive Committee meeting in London in February 1950 is particularly revealing and is documented by a verbatim record, kept by non-Communist delegates, of the Executive's interrogation of the Yugoslav student union representative, Jaksa Bucevic.

The expulsion issue did not, in fact, appear on the agenda of the meeting and was taken up under the heading of "other business." When Bucevic asked for a hearing, the committee at first refused but was induced to change its collective mind by a threatened walk-out of the British delegate. IUS President Joza Grohman then read the "charges" against the Yugoslavs before Bucevic was admitted to the hearing. Part of the ensuing interrogation went as follows:

GROHMAN: Is it true that there are 4,000 students in gaol in Yugoslavia?

BUCEVIC: This is a fiction. We think you should take as the basis for discussion our memorandum on relations between the People's Youth of Yugoslavia and the IUS.

GIOVANNI BERLINGUER (IUS Secretary General): This is going too far. We have already gone a long way to meet the case of the Yugoslavs. We have interpreted the constitution to say that the Executive is one of the governing bodies of the IUS; the Yugoslavs have by their action broken the constitution; and yet we have allowed them to answer questions when the constitution merely says that they should be present at the discussions. Now the Yugoslav observer is trying to lay down the law about how the Executive should proceed. I repeat the question: Is it true that there are thousands of students in gaol in Yugoslavia?

BUCEVIC: This is a fiction.

GROHMAN: So I understand that you refuse to reply.

STANLEY JENKINS (British member): Bucevic has replied and has said that the statement is a fiction.

LUIS ASCARATE (IUS Treasurer): On a point of order, we understand that the Yugoslav is being questioned, and it is very difficult if Jenkins interrupts the questions and answers.

The rest of the "hearing" proceeded in the same high-handed manner, with the final expulsion decision a foregone conclusion. Moreover, when the British delegation sought to reopen the issue at the IUS World Student Congress at Prague in August 1950, the sole result of its effort was to spur the Communist press into violent attacks on the delegation and particularly its leader, Stanley Jenkins.

Mlada Fronta, organ of the Union of Czechoslovak Youth, sounded the keynote of the offensive on August 16 by accusing Jenkins of attempting "to smuggle into the congress a defense of Tito-fascist bestialities." The Soviet press chimed in with an Izvestia (August 17) denunciation of Jenkins as "an agent of international reaction" who "presumed to justify the crimes of the imperialists in the colonies and to defend American aggression in Korea"; and a somewhat more restrained declaration by Alexander Shelyepin, then IUS vice-president, in Komsomolskaia Pravda, hailing the congress' "indignant rejection" of suggestions by the British and Danish student union leaders in favor of "collaboration with the fascist Yugoslav leadership."

In such a context, it is not surprising that the 1950 congress later figured in a broader international issue. According to the officially published version of the May 1951 trial proceedings against American news correspondent, William Oatis in Prague, the defendant's own testimony showed him guilty of "spying on the progressive delegates" to the congress, which he had covered as accredited Associated Press correspondent.

Although many further evidences might be cited to illustrate the Communist-dictated political orientation of the IUS in its early days, the foregoing suffices to show its real character and objectives. The WFDY is the "big brother" of the IUS, and if its functions are less known, it is only because the non-Communist participants quit it at an earlier date than they left the Communist student front.

Role in "Peace" Movement

The WFDY has always been closely associated with the Communist-sponsored "Partisans of Peace" movement and World Peace Council. The importance ascribed to its role in this phase of international Communist activity was candidly acknowledged by the official organ of the Cominform in June 1950 in these terms:

"The WFDY and the organizations affiliated to it more and more persistently place the struggle for peace in the forefront of their activities, pointing out to youth that, in view of the criminal manifestations of the warmongers, the struggle for democracy, the national independence of peoples, and a better life is bound up with the struggle for peace."

Still more recently, in October 1955, the "peace" role of both the WFDY and IUS was re-underlined in a Soviet pamphlet published under the title, Youth—The Active Strength of the Movement of the Peoples for Peace and Friendship. The contents and tone of this document clearly reflect the dual aspect of the two organizations. On the one hand, for the benefit of non-Communists, they are presented as "progressive" instruments of international collaboration. On the other, they are considered, in party circles, primarily as means of mobilizing active sympathy and support for Communist policies and "neutralizing" opposition to these policies wherever possible.

As the darker of these two countenances became apparent, the non-Communist groups which found bona-fide international work impossible within the WFDY and IUS seceded in the period 1948-50 to form two new organizations, the World Assembly of Youth (WAY) and the International Student Conference (ISC). From the time of their inception, these new bodies were bitterly attacked by the Communists and fellow-travelers as "splitters of unity," but between them they now embrace a majority of the national youth and student organizations outside the Communist world.

Although, as the October 1955 Soviet pamphlet just cited shows, the basic purpose of the WFDY and IUS as instruments of international Communist policy remains unaltered, the decline of their influence has led both organizations to modify their tactics in the last three years. This change may be said to date roughly from Stalin's death, but in the case of the IUS the first signs of a modification had already appeared at the beginning of 1953 in connection with the question of liberalizing membership rules.

In 1951 the British had proposed a modification of these rules in the form of a provision for a new "partial membership" classification in the IUS, with partial members to be allowed to participate in "practical activities" while eschewing political decisions. At the time, however, the British proposal was rejected, for reasons which in fact were quite sound. The IUS position essentially was that membership in an organization necessarily entailed the obligation to abide by its decisions or it would become largely meaningless.

Early in 1953 this previous uncompromising stand was suddenly reversed in a direction criticized by party purists in the IUS as "opportunism." An amendment to the membership rules was drafted to set up a category of "associate membership" conforming essentially to the earlier British proposal, and the amendment was ratified by the 1953 IUS Congress at Warsaw. The liberalization now appears to have been carried one step further. The latest IUS World Students Congress, which met at Prague in September, agreed to make future decisions "permissive" instead of compulsory, obviously hoping thereby to attract "fringe" organizations, either as newcomers to the fold or as stray lambs returning to it.

The WFDY likewise appears to be moving toward less strict centralized control. At a recent meeting in Prague, the WFDY Council reportedly considered amending its own constitution to allow "more independence for national organizations" and favored a greater emphasis on regional conferences under WFDY auspices. The explanation of these steps clearly lies in Communist realization that the WFDY and IUS cut little ice with national youth and student organizations outside the Communist orbit. They need this national recognition and are prepared to loosen their organizational reins for the sake of winning it, though the reins will still be kept in their own grip.

Failure of "United Front" Tactics

Within their own spheres the WFDY and IUS are also following the current general Communist line of the "united front," as are the World Federation of Trade Unions and World Peace Council. For well over a year the WFDY has been assiduously wooing the non-Communist WAY, while the IUS has made parallel overtures toward the ISC. The WFDY Executive got as far as a meeting with its rival counterpart in May 1956 to talk things over, but all suggestions of a rapprochement were rebuffled by the WAY Council at its meeting in Berlin in August.

The IUS has had no better luck with its new line of "cooperation" with the ISC in place of "unity" (within its own ranks). The ISC reply has been that effective world student cooperation is already taking place within its organization, which embraces three-quarters of the national student unions in existence; and that it is for the minority outside the ISC to join its ranks, not vice-versa. Indeed, the IUS faces the sad realization that it has acted too late. Those who pressed for a "de-politicization" of the organization in 1950, in the fight over Yugoslav expulsion, were then denounced as "splitters attempting to close entry into the IUS by democratic student organizations." Now, at last, the lead of the "splitters" is being followed, but lost ground is not likely to be regained. Whereas the 1950 Student Congress was attended by over 1,000 delegates and observers, barely 600 attended in 1956. In contrast, the 21 national unions represented at the first International Student Conference in 1950 swelled to nearly 60 at the 1956 conference.

It should be noted that both the WFDY and IUS, just as they obediently toed the Moscow line in the 1950 break with Yugoslavia, have been equally quick to eat the harsh words of the expulsion resolutions in line with the new policies of the Kremlin. But, in spite of the formal annulment of these resolutions, the Yugoslav youth and student organizations have thus far shown no intention of returning to the fold. Here, too, the new tactics have failed.

Nevertheless, with their looser organizations and "united front" approach, the WFDY and IUS are still hopeful of attracting more non-Communists to their ranks. They have been active in the uncommitted areas of Asia and Africa, and in Latin America, to a degree not possible only a year or two ago, when they were denied entry to such places as India, the Sudan, and the Middle Eastern countries. Previously banned from Egypt, they can now count upon operating there with impunity, if not with official blessing. The step-up in Latin America was attested to, even though unfavorably, by Brazil's expulsion of an IUS group in June 1956, on grounds of subversive activities.

It must be recognized, moreover, that the WFDY and IUS, despite the weaknesses which flow from their tie with Moscow, also derive from it an advantage which is denied to rival democratic organizations. They are backed by the whole Communist machine, with all its powers to exhort and compel, and with its command of vast financial resources. The Moscow Festival next summer will be a striking illustration of what this advantage means.

Festival Preview

First of all, the festival plans envisage the transportation of 30,000 participants from all over the world. Most of them, it is true, will come from the neighboring Communist countries and from Communist China, but there will still be several thousand invited from non-orbit countries and who will travel for the most part by special planes, ships and trains. For British participants, the cost for the entire trip—including travel both ways and a fortnight's stay in Moscow—will reportedly be about $150; but since the actual cost will be closer to $400 per person, a considerable degree of Soviet official subsidization is involved. Many of the "colonial" delegates, indeed, will go entirely free, their expenses to be paid out of various "solidarity funds" raised in the USSR and East European satellites to ensure the "right kind" of representation from the "colonial" areas.

Once in Moscow, the foreign delegates will have 2,300 omnibuses put at their disposal in addition to free travel on the regular city transport facilities (which incidentally are inadequate to satisfy the needs of the Moscow population itself). Schools will be turned into hostels, and mass feeding arrangements will be provided. In view of all this, Rapokhin's remark, in his earlier quoted article in Molodoi Kommunist, that "the holding of the festival will mean a certain expenditure of money" sounds like a gross understatement.

Lavishness will also characterize the various displays and performances to be staged by groups from the Communist countries to "demonstrate the achievements of socialist art and sport." Needless to say, the performers will be the best that the Communist world has to offer. In the Soviet Komsomol, for example, competitions have already been started in the union republics to select the finalists who will go to the All-Union Festival of Soviet Youth, scheduled to take place around May Day, 1957, and

UNDERDEVELOPED FISHERIES IN THE FAR EAST

The situation in the underdeveloped fisheries shows very few changes over a very long period. They have many features in common with agriculture which simply connote conditions of general economic underdevelopment and which are sufficiently well known to require little comment here, beyond noting that poverty, ignorance and structural weaknesses are particularly potent factors in fisheries, according to a fisheries survey for 1956 by the Food and Agriculture Organisation of the United Nations. The purpose of this brief review is to refer to such changes as have occurred and which could occur in the foreseeable future.

Production Methods. Almost everywhere the fishing operations, however complicated and dexterous they may be, are conducted in narrow coastal strips of water and employ simple equipment and local materials. Moreover, the operations are scattered over long stretches of coastal and inland waters, involving large populations of fishermen in numerous but isolated communities. The problem of training fishermen in the use of improved methods and equipment can only be tackled, therefore, on the basis of localized pilot projects where other factors such as demand and communications are favorable. In particular the mechanization of the marine operations, resulting in faster trips, extended range, increased fishing time and heavier catches, has proved to offer one of the readiest means of improvement, and some local successes have been achieved in various countries, especially in Bombay, **Hongkong** and Singapore. However, the problems of adapting local craft, introducing new craft and installing suitable engines are very often closely related to those of training the fishermen themselves. If the benefits of improved methods are to spread, extensive vocational training facilities will be required and few countries are equipped to provide them at present. Nevertheless, some remarkable progress has been achieved since the war.

Obviously the financing of these improvements is quite beyond the resources of local fishermen and, apart from a few sectors of the trade, e.g., in the Philippines and Indonesia, where mechanization occurred earlier, has depended on government credit and subsidy. Again, most of this has been on a localized scale, e.g., in India, Pakistan, Ceylon, Hongkong, Singapore, and the amounts involved are very small in relation to the widespread need. In many cases there is a large element of subsidy, and it still remains to be seen whether loans can be repaid and, more important whether boats, engines and gear can be replaced out of increased earnings. However, the fact that most postwar government programs on underdeveloped fisheries contain some provision, albeit small, for the provision of credit represents a significant development of fishery policy.

Demand. Early postwar fishery programs in these areas were dominated by a desire to increase fish production in accordance with certain nutritional targets. The demand factor was either overlooked, or at least disregarded, and to some extent this imbalance has prevailed, encouraged to some extent by this earlier bias which is reflected in the staffing of government fishery services. However, the small changes and slow progress achieved in the production processes gradually directed attention to the fact that traditional facilities and channels for fish distribution are inadequate and entirely unsuited to an increased flow of production in most areas. Moreover, nutritional needs provide no reliable index of consumer demand which is limited, fundamentally by poverty but also by unfamiliarity, prejudices and religious bans.

There are thus two main aspects to the problem of demand, firstly the reform of the structure and practices of the fish trade itself in the interests of increased availability at reduced cost, and secondly, the mobilization of demand through appropriate educational measures. In the case of marketing, the critical factor is the irregularity and extreme perishability of fish supplies which, in many areas, is aggravated by problems of climate and distance. In the absence of facilities for holding, preserving or transporting supplies, the trade is highly speculative, and the merchants have traditionally protected themselves by operating on high margins such as can be imposed where the merchant has control over supplies and caters for a restricted market. In particular the fragmentation and diffusion of primary production, and often of retailing, have permitted the merchants to acquire a virtual monopoly in their particular areas, and have also encouraged the formation of long, tortuous chains of distribution.

Most governments have now become aware of the limitation imposed on any fishery development schemes by such rigid monopolistic structures but, so far, very little has been done to determine the precise functions of the intermediaries in the fish trade or the factors which promote such inflexible structures. Many governments have resorted to co-operative organization as a means of reducing the power of the merchants and increasing the earnings of fishermen, in order to induce increased production. It is

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who also will represent the Soviet Union in the subsequent World Festival.

By contrast, the presentations from the non-Communist world, in the absence of such unstinting official support and careful preparation, are likely to appear drab and amateurish. The contrast, of course, is part of the deliberate intent of the organizers, for in this way they hope to impress upon the thousands at the festival—and through them many more thousands of youth in non-Communist countries—the "poverty" of capitalism and the "richness" of life under communism.

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It is to be expected that the new, more subtle tactics adopted by the WFDY and IUS will be carefully followed at the Sixth World Festival. But behind the tactical facade, there is as yet no evidence that either organization has ceased to regard its central task as but a projection, on the international level, of the mission assigned by Lenin to the Soviet Komsomol at its Congress in 1920:

"The whole object of training and educating the youth of today should be to imbue them with Communist ethics . . . Our morality is entirely subordinated to the interests of the class struggle of the proletariat. . . The basis of Communist morality is the struggle for the consolidation of communism."

It is a long way from Lenin and the Komsomol Congress of 1920 to the Moscow World Youth Festival in 1957. In the interim—more specifically, between the two world wars—the Soviet Communists sought to further their international objectives through the creation of a Young Communist International (KIM), which however was never successful. Today, the WFDY and IUS are counted upon to achieve, by more subtle and devious means, what the KIM was unable to achieve directly.

extremely difficult to evaluate the success of the movement so far in underdeveloped fisheries but, with a few notable exceptions, it would appear that the main result has been to replace the private merchant without influencing the structure of the trade. Where such organizations have succeeded, e.g., in Bombay and Hongkong, other favorable marketing factors operated, especially the pressure of demand in large urban communities. Nevertheless, the movement is quite strongly established politically, and a relatively large number of co-operative fish-marketing organizations are operating, notably in India, Ceylon, Burma, Indonesia and some dependent territories. Their weakness lies mainly in the field of management and commercial operation and the ill-preparedness of many fishermen for direct participation in such activities.

In the matter of facilities, governments have been able to accomplish a little more, e.g., by provision of ice factories, cold storage, curing yards, wholesale and retail premises, etc., again on a very limited scale in a few selected fishing centers.

In the field of education and training virtually nothing significant has so far been accomplished by way of consumer education and vocational training in the industry. In the underdeveloped areas as a whole, there have been few efforts to promote increased consumption by means of school and adult education, communal feeding and nutrition programs, etc., and in many cases such efforts would be premature until regular fish supplies can be ensured. A few government officers have been trained in fish processing and distribution in some countries, but so far such training has not been transferred to the trade itself.

In the general sense therefore, there have been few successful efforts since the war to widen the bottleneck between fishermen and consumers and this, perhaps, is one of the main weaknesses of postwar government fishery programs, due, in part no doubt, to the scarcity of qualified personnel and the degree of dependence on developments in other fields, e.g., transport, health, education and industrial development generally.

Resources. In the period immediately following World War II considerable attention was directed to the need for rehabilitating the fishery industries of the underdeveloped countries that had suffered war damage, and to the possibility of securing increased production from fisheries generally in all underdeveloped countries. The strength of the interest derived in part from the fact that fish was a staple item of the diet of the countries of Asia, and in part from the arguments that more animal protein should be available to the peoples of underdeveloped countries, that fish was one of the most readily accessible resources and its industry one of the most easily developed. While some steps were taken toward immediate industrial rehabilitation and development, notably in the massive fishery rehabilitation operations of the United Nations Relief and Rehabilitation Administration (UNRRA) there was also considerable interest in the speculations and problems suggested by the resources. Attention was directed to the vast oceanic areas of the Southern Hemisphere and to the great and complex inland water systems of Asia, Africa and Latin America. It was argued that these presented great, untapped fishery resources, but this argument led to the need for exploration of these areas and investigation of the resources. It was an historical coincidence that at this time fishery science was represented almost exclusively by biologists, and it is probable that it is a consequence of this that governmental programs for fisheries gave considerable emphasis to resources research. In many countries the chief manifestation of governmental interest in this industry was the establishment of research laboratories, and it is probably not unjust to say that the work of these institutions was hampered by the fact that they were established without the necessary contact with industry. Such contact is indispensable to the applied science of fisheries as a source of information concerning the industry and its operations, and as a means of ensuring that research is oriented to the needs and capacities of the existing industry. However, both nationally and internationally there has been a steady broadening of the scope of the fisheries program. For example, the functions of the Indo-Pacific Fisheries Council cover all phases of the industry, mobilize all research disciplines and relate to comprehensive developmental programs. Attention has been paid by this council and other similar bodies to problems of statistical collection, improvement of craft and gear, development and improvement of marketing, to the socio-economic problems of fishery industries, to increasing the consumption of fish, and to many other similar problems. Training centers have been conducted for the training of governmental officials in general fisheries science, and in particular aspects of the subject. By these means the fishery programs in these countries are being brought into balance, with the consequence that resources research is being put into correct perspective.

The fishery resources within the boundaries of the underdeveloped countries, and accessible to them, are undoubtedly considerable. While very large catches of fish are taken from inland waters it is obvious that these can be greatly increased. At present there is considerable activity in research on these resources and in the development of their exploitation. These activities relate to the open systems of rivers, lakes and irrigation systems occupied by wild stocks of fish, to irrigated agricultural lands, and to the closed systems of ponds, dams, etc. In marine waters there are important stocks under steady exploitation with respect to which there is a need for intensive research along the lines developed in northern countries; this need has been recognized and steps are being taken to bring the research to the required level. There are also extensive areas in which exploitation is negligible or nil; fundamental oceanographic research and fishery exploration are being developed to furnish the basic description of the resources of these areas.

External Aid Programs. It will not be possible here to review in detail the many forms of international and bilateral assistance rendered in the execution of fishery development programs. However, this action can be regarded in a better perspective if the problems of development in fisheries can be summarized as falling within three main groups, viz., uncoordinated planning, lack of capital and inefficiencies at the managerial and operational level. This also permits a convenient grouping of the activities of the agencies mainly concerned.

The International Co-operation Administration (ICA) and its predecessor agencies concerned with the administration of United States assistance for technical development, has been mainly concerned with the last two groups, namely the acquisition of facilities and equipment and the provision of specialized advice at the operational level. Under this program, embracing a large number of countries throughout the underdeveloped areas, fishing craft, engines, nets and cordage, ice factories, cold storage, transport, processing installations, etc., have been supplied and in some cases experts have been assigned to help governments in the use of such facilities, e.g., in fishing operations, fishery research and fish processing. In a few countries general fishery advisers have been appointed mainly to assist the governments to determine their needs in the way of equipment, to examine the justification for and assist in the execution of certain projects. With its large financial resources and widespread area of activity, this agency has become a powerful factor in many national development programs, especially in fisheries where local financial resources are slender even in relation to other national programs.

The Colombo Plan is of course confined to Southeast Asia and its main effort in fisheries has been concentrated so far in Ceylon. Here a substantial program has been launched under which deep-sea trawlers, cold storage and a number of small marine engines have been supplied, while a team of experts has been working for several years in connection with the operations and in the promotion of fishermen's co-operatives. At present, arrangements are in the promotion of fishermen's co-operatives. At present, arrangements are in progress for the extension of this assistance to other countries in the region.

Mention must also be made of the agreement between Norway, India and the United Nations under which a team of Norwegian experts is engaged in the social and economic development of an entire fishing community in a fishing village in Travancore-Cochin. This program is unique in fisheries and the assistance provides for equipment and expert aid in all aspects of the village life, e.g., in fishing, marketing, co-operatives, health, housing, roads, etc.

In all of the foregoing the provision of financial aid in the form of equipment and facilities is an essential element. In this important respect these programs differ from that of FAO which is mainly concerned with the planning and co-ordination of food development programs and with the provision of expert advice in the planning and execution of national development projects. There is no provision for equipment or facilities beyond the limited needs of a particular project or for demonstration purposes. In contrast to other agencies, it is an essential function of FAO to establish a permanent consultative body at the service of its member countries, to maintain continuous liaison with them and to keep their programs under review. In the case of fisheries this has had a considerable impact on development programs over the last ten years. In many countries very little indeed was known of the fisheries, their potentialities or their problems, and there were no trained observers available to make the preliminary evaluation essential to planning. These countries therefore looked to FAO for consultation and advice. The need for regional intergovernmental consultation on problems of common interest has been partly met through the formation of the FAO Regional Councils in the Indo-Pacific and Mediterranean regions, and these have since become quite significant policy-forming instruments of the Member Governments concerned. In addition to consultation and investigations under its Regular Program, FAO has also, under its Expanded Technical Assistance Program, undertaken fishery surveys, the appraisal of development projects and the drawing up of plans. At the operational level again, its work has depended mainly on local resources of personnel and equipment and, especially, in the conduct of training and demonstration at the level of existing industry.

This, in turn, has thrown emphasis on the weakness of counterpart support generally, which is particularly weak in fisheries in comparison with other fields. In addition to fellowships, normally awarded as part of the follow-up of individual field projects, a number of training centers have been arranged, according to regional needs, in fishery administration, biology, statistics, marketing and inland fisheries.

It would be premature to evaluate such external aid as has been supplied but clearly the impact on small fishing programs has been considerable and apart from any successes achieved locally, has had a permanent influence on the direction of fishing policy in these areas.

There have been promising indications of closer co-operation between the agencies concerned and, clearly, the value of external aid would be greatly enhanced if, as a result of permanent consultation and advice at planning level, capital investment programs and assistance in the field could be co-ordinated.

Outlook. It is almost a truism to state that widespread radical changes are not expected to occur in underdeveloped fisheries in the near future, but this needs to be explained by reference to the fact that fishery policies are still far from being co-ordinated with general economic and food policies, that the available public services are weak and inadequately staffed by comparison with agriculture, and that these are often more limiting factors than the intrinsic technical difficulties of introducing improvements. Naturally any over-all and significant increase of fish production and consumption must depend on economic developments outside the industry which will release demand from its present restraints. On a local scale, however, some continuing improvements can be expected. Marine fishery research is necessarily long-term in its execution, but, nevertheless, on the basis of existing appraisals, some success may be achieved by exploratory and experimental fishing on the fringe of present operations. The progress of mechanization and gear improvement will continue, especially in India, and should receive some impetus from the improvement of marketing facilities in the form of better communications and modest facilities for storage and processing. Institutionally, the marketing situation will continue to prove a limiting factor, but it seems certain that many more governments will give attention to this problem now, and some increase and expansion of co-operative marketing arrangements can be anticipated. The more significant improvements will probably occur in the Indo-Pacific region where fish is of much greater and more clearly recognized importance than elsewhere.

RESOLUTIONS OF PEKING'S PEOPLE POLITICAL CONSULTATIVE CONFERENCE

When winding up the long session of the National Committee of the PPCC in Peking, Premier Chou En-lai said it had been more successful than any previous session, and he assured the members that every speech and proposal made by the delegates would be carefully studied by the official departments concerned. These departments would be required to accept these criticisms and proposals "if they were correct"; otherwise proper explanations should be made. He said that 44% of the great number of delegates and observers made speeches or put in written statements at the meetings—twice as many as at the last session. This, he said, showed in practice, the contention between different schools of thought. He also emphasised that both at the Centre and at all levels, the role of the PPCC should be strengthened. Clearly, after falling from its high, if impotent estate after the first National People's Congress met, the PPCC is no longer condemned as it used to be by the Party people as a mere mouthpiece of the capitalists and the bourgeoisie. The Peking People's Daily noted that no fewer than 287 proposals were raised at the session, when the work of the State was thoroughly discussed, and it was not without justification that it cited this session as reflecting the expansion of the country's democratic life. None of the PPCC resolutions has any power over the executive, but public opinion is becoming once more a fundamental factor in China and this body expresses far more positively than any Party body the way the public are thinking and feeling in China to-day.

In one of its four resolutions, the PPCC called on all its affiliated bodies and all people in China to co-operate with the Government in the drive to increase output and to economise. The drive should be a continuous one, since it had a special significance for the completion of the first five year plan and for providing a solid basis for the second five year plan.

Another resolution declared that the National Committee of the PPCC and its local organisations should maintain continuous exchanges of opinion about all important Government measures, national and local. This would ensure that all policies could be perfected and unanimity of view achieved. At the same time, the PPCC must broaden its links with all sections of the people and be able to reflect the opinions, criticisms and suggestions of the public to the Government. More people should take part in the daily work of the PPCC in order to give full play to the united front. In this connection it should be noted that one proposal made during the session suggested that the PPCC should be retained as a kind of second chamber. In the Soviet Union there is the House of the People (Commons) and the House of Nationalities, to which delegates of the various peoples in the Union are sent. The PPCC represents all the various collaborating groups, the All-China Federation of Industry and Commerce and in general, all the multifarious activities of the nation beyond those of the Party and State functionaries and the Central Committee of the CCP and State Council.

At its closing meeting the PPCC passed a nine-point resolution. Two of them endorsed the view that the general trend of the world situation was toward relaxation and progress, and noted that the class relationships within China had changed in favour of Socialist industrialisation. These things provided "favourable conditions on which the widest unity can be created at home and abroad to build a Socialist, industrialised China." While giving due position to light industry and agriculture, priority should still go to heavy industry. As production develops, the living standards of the people should advance, but economy should be practiced. Point 3 held that contradictions between the people under Socialism, and between the people and their enemies, differ fundamentally. In the former case, including class contradictions between the workers and industrialists and businessmen, they should be approached from the standpoint of unity and criticism and result in stronger unity on a new basis. Democracy must be extended to make the country's political life more healthy, bureaucratism must be overcome, and the legal system be improved. The Government's policy of dealing with counter-revolutionaries was held to be correct and should be continued. Point 4 said that the principle of encouraging contention between different schools of thought should be carried out to promote education, science, medicine, the arts, Press and literature. At the same time Marxism-Leninism should be widely spread. Unity among the Socialist countries "had been strengthened following the readjustment of relations between them. Unity within the Socialist camp, with the Soviet Union as its centre, must continue to be strengthened." The sixth point said that friendly co-operation among the Asian and African countries is growing and the Bandung spirit is "yielding ever greater results." By adhering to the five principles of peaceful co-existence, international disputes can be solved through consultation. These countries must unite for independence and peace. Normal relations should be developed with countries that still have no formal diplomatic relations with China.

The reference to the "policy of invasion and expansion followed by the U.S.A." set forth the claim that it threatened world peace, the independence of many nations and the security of many other countries. Vigilance towards this policy should not be slackened. China always advocates peaceful co-existence and solutions through consultations instead of military force. China also wishes to ensure non-encroachment among nations of different social systems. (This seemed to imply that such encroachment, as by the Soviet Union in Hungary, was not to be excluded as between one socialist nation and another). Finally, the PPCC called on the authorities in Taiwan to respond to patriotic needs and ensure the peaceful liberation of the islands. It said that the call for peaceful liberation had "already had a marked and growing effect on the people and on the Kuomintang personnel."

PEKING'S HUGE WAGE BILL

In his financial and economic report to the Central People's Consultative Council China's chief economic Minister, Vice-Premier Chen Yun, admitted that spending had run ahead of income and strenuous efforts both in production and in economy would be required in 1957 to readjust the situation. He attributed the derangement of the Budget to three phenomenal increases in expenditure. The first was the "extremely great" expenditure in capital construction investments, on which no less than 14,000 million yuan (£2,000 million) was spent, 5,400 million yuan (£770 m.) more than in 1955, and nearly double the sum in 1954. More ominous, perhaps, was the great increase in the total wage bill of the Government and in the number of additional officials and workers. It was originally planned to increase the number only by 800,000, but actually the additional figure was 2.2 million, while another 600,000 were being financially supported by the State while attending various technical training schools.

The total wage bill in 1956 increased to 10,700 million yuan (£1,500 million), compared with 8,300 m.y. in 1955, a rise of about £320 million in one year! On top of this the loans to peasants outstanding at the end of 1956 totalled 3,000 m.y. (nearly £430 million), treble the previous figure for 1955. These loans were used mainly in purchasing agricultural means of production to support the co-operatives in their initial stages. Chen Yun hinted that not all this expenditure was necessary or justified and he called for the stream-lining of Government departments and strict economy in administrative expenses in all Government, military and administrative organisations and industrial plants, while ensuring jobs for all redundant personnel. General economy was also necessary among the people, who must be encouraged to deposit as much as possible in the banks. Each person should try to cut down a small amount of grain monthly.

The State Statistical Bureau claimed that the total number of "workers" (as distinct from peasants) had reached nearly 25 million. The figure includes the three million former individual labourers, capitalists and small holders who have become part of the personnel of State organs, enterprises, and general undertakings as a result of the Socialist transformation. It represents a threefold increase compared with 1949. Wages paid by the State to these newly employed workers in 1956 were about Y1,100 million.

Average wages of the workers increased by 13 per cent over 1955; 870,000 workers were in State capital construction projects; 500,000 others joined the industrial production front to staff new mines and factories; 138,000 workers were added to the communications, transport, postal and and telecoms system; and many were also added to the State commercial, cultural-educational and health organisations last year owing to expansion of operations.

Of these new workers, three-quarters of a million came from the rural areas and had not worked in this way before. Many of them, too, were women and housewives, and a quarter million were students who had just finished school or training, while about 130,000 were demobilised soldiers. Many of the new workers had a certain amount of training in spare-time technical schools, and other training classes or were taken on as pupils or apprentices. The unprecedented growth in numerical strength of the ranks of the working class, says the Hsinhua news agency, reflected the "magnitude and speed of the expansion of industrial production and economic construction undertakings. Unfortunately many organs and enterprises had taken on far more than they needed and therefore the total taken into these forms of employment was twice as large as laid down in the plans; organisations overlapped operations and personnel, not directly engaged in production, grew to intolerable proportions, putting the State financial estimates out of gear, and causing a great deal of loafing and idleness in State units.

Chinese statisticians fight shy of making any kind of estimate of the total Party personnel engaged in one way or another in the multifarious mushrooming of organisations. They kept off the Army also, as well as all the political bodies, whether of the Communist Party or of the various collaborating groups and parties. They limited their investigations to Central and local State-owned organs, co-operatives, joint enterprises and business units and State organs throughout the country. The State Statistical Bureau found there were in these bodies over 15.3 million workers, of whom over two million were women, most of them being in the cultural-educational and public health departments, with industrial, banking and insurance establishments not very far behind.

The largest proportion of workers is found in enterprises employing more than 500 persons, and the proportion of production workers is also larger. State organs had 1½ million workers (10 per cent) of the grand total. But administrative and management personnel exceeded 4½ million, being nearly 30 per cent of the grand total. The excess of these personnel is especially noted in the organs of State power, where only a relatively small proportion of the workers are directly engaged in professional duties. The organs of the Central Government have an even smaller proportion of such professional workers. The statisticians point out that if further measures were taken in the State organs, enterprises, and business establishments to reduce documents, reports and charts and some unnecessary administrative and management personnel removed, labour power would be saved and work efficiency would also be raised. A reduction of such personnel by one per cent would mean the retrenchment of more than 153,000. There is a great lack of specialists, with an average of only three engineers and 36 technicians to 1,000 workers in industry, while the figures for capital construction departments are only a little better.

Paper work and red tape are the twin curses of Socialist regimes and neither precept or example from Peking, as well as endless exhortations and warnings, seem to have the least effect. Every year a new "work style rectification movement" campaign is organised, and every year the evil becomes more deeply rooted. The Provincial and Municipal Committees take their cue from the highest levels, and pass the good work along to the county and basic level cadres. These, in turn, crushed under the weight of paper from on high, feel very much inclined to cock a snook at the bigwigs and to put still more down on paper. The Honan Secretary made what he called "an earnest report" on the burning topic to the Provincial Committee. He pointed out that as a result of the colossal structures and multiplicity of levels in the leadership organs of different levels, there existed universally the situation of "five too many"—an epidemic to which one of the shorter-lived activist crusades was directed, a few years ago, since when it has grown out of all proportion. There were, he admitted, too many committees and offices, too many meetings, too many documents, too many reports and too many telephone calls. September was the month with the fewest meetings in recent months for organs of the provincial level, and yet according to statistical returns, there were held 19 larger meetings that month, with over 3,600 officials attending them, involving in all more than 36,000 man-days spent. Some local cadres have actually become "cadres resident in the provincial capital," staying there specially for the purpose of attending various meetings.

The situation relating to the random issue of documents and reports was also characterised as alarming. Organs under the Honan Provincial Committee in August on the average issued various documents totalling 30,000 words daily! One small rural district in Jungyang county had to fill up, in the month of September alone, some 14 forms in 25 days, totalling 640 items of information, which occupied 210 man-days of the cadres.

Some of the Government departments in Peking are in trouble with the Finance Ministry because of "especial extravagance." The Ministry has organised its own "gestapo" to investigate 16 different sections. The charge against them is that surplus funds left over because of the non-fulfilment of capital investment plans were spent in the purchase of goods not actually required and merely stored in godowns. This has been a common cause of complaint but it was more serious in 1956 than ever before. Some of the organs of the Ministry of Health, for example, seeing that the capital construction investment plans of the Ministry were not well carried out, directed subsidiary units to transfer the funds for the purchase of large-size equipment and scientific and medical instruments. Some hospitals in Peking accordingly immediately organised forces to undertake the purchase of supplies not immediately needed. The Lanchow Biological Research Institute even used the surplus funds from capital construction for the purchase of many sets of sofas and 100 each of woollen lined and leather lined easy chairs. Some organs under the Ministry of Railways originally used funds from the Industrial Award Sinking Fund for the building of houses, but now changed to drawing from the capital construction funds for the purpose. In this way they could reduce the amounts to be submitted to the higher authorities in respect of surpluses from capital construction funds, and the funds in the Industrial Award Sinking Fund could be reserved for use in 1957. The Peking Post Office bought two consignments of 110 electric fans each in October and December (i.e., in midwinter) respectively.

The official Hsinhua News Agency said many other units forgot the need for economy, feared that next year the State would not grant them a sufficient allotment, and decided to spend any surplus in their hands instead of returning it to the State coffers. Some units went as far as to apply for supplementary budgets. Such increased extravagant spending not only produced difficulties in the financial situation and man-made tension in the markets, but also (more seriously) brought about an accumulation and waste of supplies. Some units used their surplus funds on tree planting, some bought excessive office furniture and fittings, some bought things which could not be made use of for a long time to come, while some even started certain engineering projects which should not have been taken up this year. All these led to wasteful spending of funds, the opening up of too large a work front, and the increase of difficulties in the arrangements for capital construction work next year.

It is stressed that the State Council recently issued another directive calling on all departments rigidly to control expenditure. Many seriously abided by this directive but others failed to do so. So Government offices, commercial and banking workers, purchasing agents and financial personnel are urged courageously to wage a fight against this extravagant spending and dispersal of capital funds.

CHINESE PEASANTS AND COOPERATIVES

No general statement has yet been made as to how the agricultural producer co-operatives fared in the share-out of income after the autumn harvests in China, save that only 70% had higher income instead of the 90% planned. Pending more comprehensive figures, the returns of two APCs in far away Yunnan will be of interest, though why these were chosen and not co-operatives much nearer the centre of things is not explained. Reports from Party secretaries are not always a model of accuracy: they generally incline to the rosy side and do their best to show what a good job they and their subjects have done. Be that as it may, the deputy party secretary of the Tali district committee reported that though members did have increased income they still experienced difficulties in their livelihood. He referred to the Chienchin APC in Yungping county and the Manchiang APC in Fengyi county of Yunnan. The income of the Manchiang APC went up 60% and like the Chienchin APC, whose income went up 30%, it was able to distribute a total of 70% to the members. In both cases over 90% of the members of both gained an increase in income. But the peasants were still poor. The Chienchin APC distributed 70.6% of its total income to members, but only 0.46 yuan was paid for each working day, averaging only 3.4 yuan per capita each month. These figures show that the peasants' living standard was still very low. The Party secretary therefore reiterates that APCs should be helped to undertake multiple undertakings and carry out an industrious and thrifty operation policy so as to increase members' incomes.

Upland rice was tried out for the first time in the Chienchin APC and was sown to 360 mow, but because technical guidance was poor there was a loss compared with the set target of 140,000 catties. The co-operative used to grow nearly 100 mow of water chestnuts, and get about yuan 90 income from each mow. Certain cadres came forward and argued that water chestnut was not a staple grain and as a result only eight mow was devoted to water chestnuts while the rest of the acreage was used for growing paddy rice. The output of this was low owing to the poor quality of the land, and the loss on this head amounted to yuan 7,000.

The poor peasants were no whit better off than before. In the Manchiang APC the 536 poor households of 2,232 persons had an average per capita income of 81.3 yuan, while the middle peasants fared only slightly better with 224 households of 1,178 persons, whose average per head was yuan 91.6. The former rich peasants and landlords all fared much better, but even the highest did not come up to yuan 102 per capita. The poor peasants, remarkably enough, had less labour power per household—a little thing overlooked when land reforms were instituted "for the benefit of the poor peasants." Moreover, their family possessions were still weak as compared with middle peasants and their family side occupations were few. A number of them in the Chienchin APC kept no hogs and not even a single chicken—rather a tragic commentary on the way in which the early professions of the Party have been carried out.

Actually, most peasants in China were poor and the poorer ones were the feckless and lazy ones. The report gives a good deal of data which confirms the impression that the poor peasants are no better off than they were under the former regime. In the Manchiang APC they earned some seven yuan per head from family side occupations on the average whereas middle peasants earned 12 yuan and rich peasants earned 17 yuan. The poor peasants in the Chienchin APC used to earn a good income from the cultivation of lotus roots but this was taken over by the co-operatives, instead of being left to them.

Nor did the cadres pay proper attention to livelihood needs in the distribution of income in cash. Out of a total of yuan 46,800 for distribution from sale of surplus grain, flue-cured tobacco, melons and from side occupations, the cash available for actual distribution after payment of expenses was Yuan 24,900, averaging yuan 50 per household. But when it came to distributing it, some cadres paid attention only to the enlargement of reproduction and gave inadequate attention to the living necessities of the members.

A selective survey by a working team from the Shantung Provincial Committee of the CCP showed that in one hsiang of Changlo county 672 out of 670 households of eleven APCs in the area had more income in 1956. In another county the average income of 15 households of poor peasants and 12 households of middle peasants was assessed. The poor peasant households averaged 34.15 yuan per capita in 1955 and 47.96 yuan in 1956 and the average income of the middle peasants in 12 households was 44.68 yuan in 1955 and 47.59 in 1956. Higher middle peasants did better in Tenghsien, earning 71.11 yuan per capita in 1955 and 81.50 yuan in 1956.

PROBLEMS OF TAIWAN'S EXPORT TRADE

By Charles H. Barber (Taipei)

Why did Taiwan exports decrease in 1956—a year when everyone talked about exports and promoting sales of Taiwan products abroad? What steps must be taken to translate Taiwan's need for export trade into a substantial and increasing source of foreign exchange? Answers to these questions will not necessarily be received favorably by those responsible for economic planning and exchange policies in Taiwan.

Taiwan export trade is composed of two general classifications: public (government) and private exports. Public exports are the greater, consisting principally of sugar, rice, salt, aluminum ingots, camphor, cigarettes and wines. The lesser division includes tea, textiles, citronella, feathers, fresh and canned fruit, livestock, chemicals, handicrafts and miscellaneous products. 1956 exports, in round figures, totalled US$130 million. Of this, public exports amounted to $92 million. The overall decline from 1956 was about 2.5 percent. Private exports registered a 26 percent gain over 1955, in spite of the fact that tea prices were down. The export loss was almost wholly in the field of public exports. Percentagewise, public exports declined only about 10 percent. The adverse leverage exerted by the large proportion of public exports tended to obscure a real trade gain in the private export field. These latter gains amounted to US$8 million.

The following tabulation of four major public exports shows the trade loss of 1956 (in US$ millions):—

	1956	1955	Gain or Loss	
Sugar	76.0	67.9	8.1	— 12% gain
Rice	12.8	32.8	20.0	— 61% loss
Aluminum ingots	2.5	1.4	1.1	— 74% gain
Salt	2.3	2.1	0.2	— 10% gain

The drop in rice sales offset all other gains combined. This is due to the fact that Japan is the only buyer of Taiwan rice, sales of which are bartered annually. The sale of rice to Japan depends not only upon world prices and Japan's own production of rice, but also upon the trade advantages accruing to Japan in other markets than Taiwan, since normal Japanese rice imports total 2 million tons annually. The volume of rice sales in any year may also reflect a carryover from a previous year's commitments. The date of export, therefore, may alter significantly the figures for any calendar year. To illustrate, 1955 Taiwan rice exports included delivery of a very large part of the 1954 obligation. In 1956, Japan had an excellent rice crop of its own, which adversely affected demand.

Sugar prices increased during 1956, reaching a high in December. Taiwan benefited by having had its export quota raised almost to its maximum production level; at the same time, sales were developed in areas where Taiwan sugar had not previously sold.

Since limited markets and prices govern the bulk of Taiwan's export, the problem of securing a substantial and increasing source of foreign exchange therefrom is not easy of solution. Taiwan should maintain an increasing level of diversified export production capable of absorbing domestic and world price fluctuations. As long as raw sugar and rice outweigh heavily all other exports, total foreign exchange receipts will remain unpredictable for any extended period.

Some steps suggested to improve Taiwan's export trade are as follows: 1. Diversification of agricultural production. 2. Greater production and marketing of forest products. 3. Development of enterprises which process imports exclusively for export. 4. Promote Tourism and native crafts. 5. Increase technical educational facilities. 6. Product improvement and quality control. 7. More efficient business and government administration. 8. Elimination of over-valued exchange rates and simplification of exchange structure. 9. Substitution of private for state industry. 10. Maximum electric power development from hydro and fuel resources.

Any program of agricultural diversification must be balanced against a population of 10 million which is increasing at a net rate of 1,000 per day. Needs for more of the basic staple food, rice, may one day force a reduction in the acreage of sugar and other crops in spite of the greater yields resulting from the highly effective fertilizer program. Since both rice and sugar are major but highly variable sources of exchange, concentration on rice primarily for domestic consumption over the longer term is indicated. Sugar, too, might suffer some further displacement in favor of fruits, cotton, tobacco, cassava starch, more peanuts, peppermint oil and other aromatics, more tea, and truck gardening to support canned and frozen food industries.

Increased foreign marketing of forest products is dependent upon the application of a higher level of technological development to the industry, a change in the attitude of government administration and more favorable exchange rates. Processing industries likewise are dependent upon a proper equipment and technological base, freedom from cumbersome import restrictions and more favorable exchange rates. The promotion of Tourism and handicrafts involves additional capital investment in facilities and equipment. It is doubtful that Tourism could be increased by provision of improved transport and hotel facilities alone. A properly valued exchange rate and easing of travel regulations are absolutely essential to the development of Tourism.

A much higher level of technical education, product improvement and quality control, and more efficient administration of government and business should have two results. In the first place, the cost of production should go down. Second, Taiwan products should command comparatively better prices and will compete in wider markets.

On the problem of exchange rates, the following comments are illuminating: Mr. Yu Kuo-hua, General Manager of the Central Trust of China, stated that manufacturers in Formosa were reluctant to export because they could get better prices for their products in the local market. Many Taiwan products could be marketed in Hongkong if the exchange rate were reasonable. No more convincing example than that of Hongkong could be cited in support of the export potentialities of Taiwan under favorable conditions.

The black market price of the Taiwan dollar must be considered as one of the denominators of wages and non-controlled prices in Taiwan. Aside from local materials, the cost of imports for production must also be accepted as a fundamental factor in production costs. Assuming more efficient production, lower administrative costs, product improvement and quality control, exports are nevertheless tied to the black market of the Taiwan dollar and to the cost of machinery, equipment and raw materials for processing.

Labor receives low wages in Taiwan. This is partly due to the standard set up by government pay scales, but it is also made possible by the fact that prices are controlled on rice, cotton textiles, electric power, transportation and a portion of the available housing. However, at the end of September, 1956, wages stood at more than 10 times the 1949 base. Retail prices were 6.18 times the same base. As of August, 1956, the index of industrial production was only 2.97 times the 1948 base and declining on average. Wages and prices are rising faster than industrial productivity. Wages and domestic prices must be recognized as influencing higher costs of production which producers and exporters can recoup only through higher domestic prices or increased proceeds from earned exchange.

In the period of 18 months ended December 1956, export proceeds for private exporters, with allowance for the market value of exchange certificates, varied from a low of 18.66 for banana exports to a high for all categories of 26.38 Taiwan dollars to US$1. The low of export proceeds was 17.38 points below the low of the black market and the high was 13.72 points below the high of black market. This means that the exporter got a minimum of 48 percent of the real US dollar price for his products and a maximum of 64 percent at the limits of quoted fluctuations which, thankfully enough, did not always coincide.

During the same 18 months, private importers paid at the rates of 24.78 to 31.99 New Taiwan dollars per US$1 of imports. It must be acknowledged, however, that: (a)

THE VINYL CHLORIDE INDUSTRY IN JAPAN

Though only a little over five years have elapsed since the vinyl chloride industry of Japan entered upon full-scale production, the advancement during the period has been most remarkable. The production volume in 1955 reached 36,600 tons, nearly 25 times that for 1950, the year in which full-scale production commenced. It is considered certain that this volume will be doubled in the coming year or two.

The vinyl chloride industry emerged rapidly to the forefront among the numerous synthetic resin industries and has attained an outstanding position side by side with the urea resins. The demand, which at the beginning centered mainly around daily necessities such as film, sheets, etc., extended to items for industrial use with the progress of processing technique. Now it is advancing into the broad sphere of established industries such as leather, rubber, fibres, celluloid, cellophane, metals, etc. Much is expected of the vinyl chloride industry as one wing of the organic chemical industry of the carbide group, but, on the other hand, the fact that it harbors within it numerous problems concomitant with other newly-rising industries also cannot be ignored.

Rapid Expansion of Production

During the war, the production of vinyl chloride resin which was carried on a meagre scale by Nippon Nitrogen Fertilizer Co., Ltd. and others came to a standstill with the 126 tons produced in 1944 as the peak. Subsequently, vinyl chloride imported from the United States, Britain, West Germany, etc., processed into electric wire insulation, or daily sundries, came on the market in 1947 and its high performance and low price attracted the attention of the public. Stimulated by this, the trend toward the domestic production of vinyl chlroide rapidly intensified and some 20 companies began its manufacture in 1949. Production rapidly expanded to full-scale—190 tons in 1949, 1,493 tons in 1950, reaching 36,639 tons in 1955. This total for 1955 was 25-fold the volume for 1950.

Trend of Polyvinyl Chloride Resin Production

(Unit: 1 ton)

Fiscal Year	1941	1942	1943	1944	1945	1946	1947	1948
Production Volume	7	45	77	126	16	0.5	5	3

Fiscal Year	1949	1950	1951	1952	1953	1954	1955
Production Volume	190	1,493	5,085	9,667	16,203	23,211	36,639
Production Index	—	100	341	647	1,085	1,555	2,453

(Note: 1. Based on "Vinyl Chloride White Paper" and monthly bulletin of the Vinyl Chloride Association.
2. Fiscal Year—from April to March of the following year)

The following factors can be pointed out as reasons for such high-speed upswing of output: (1) Prices fell on an extensive scale stimulating demand hand in hand with the advancement of production technique and the upswing of the rate of production. (2) Vinyl chloride products possess superior qualities compared with the existing synthetic resins—though weak against heat they are neutral against chemical agents, tough, do not age like rubber, have high electrical insulation factor, and are nonburning. (3) The processing of vinyl chloride is relatively simple. It is easy to convert rubber and celluloid rolling facilities into their use for processing of soft products. Rubber-processing companies, packing manufacturers, celluloid firms switched over to vinyl chloride processing; enterprisers competing with one another in advancing into the vinyl chloride field and contributed to its popularization because comparatively limited funds for facilities and equipment were sufficient even if new machines were installed. (4) The production of hard vinyl chloride products became full-dress and stable demand for their industrial application such as hard pipes and sheets, etc. increased sharply due to the advance of processing technique and the betterment of the quality of resin. (5) The vinyl chloride industry was favourably located as to the procurment of raw materials because Japan possesses rich sources of carbide. (6) The turn for the better of the general economic situation assisted the development and expansion of the newly-rising industry.

Rapid Expansion of Sales

Along with the sharp increase of total production, sales value rose year by year from Y405-million in 1950 to Y4,766-million in 1954, and Y5,530-million in 1955, a 14-fold increase in only five years. During this period, the sales volume showed an increase of 37-fold because of the marked drop in the price level.

Trend of Polyvinyl Chloride Resin Sales

Year	1950	1951	1952	1953	1954	1955
(Unit: 1 ton)						
Sales Volume	815	3,656	7,183	12,454	18,660	30,056
(Unit: Y1-million)						
Sales Value	405	1,651	2,253	3,136	4,766	5,530
(Unit: Yen per ton)						
Unit Price	497	451	314	252	252	184

(Source: Chemical Industry Statistics Monthly Bulletin of the Ministry of International Trade and Industry).

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exchange was allocated to private importers at the rate of $24.78 to cover both raw materials for processing into exports and equipment for end users and, (b) that the value of exchange proceeds occasionally exceeded the import costs. In the case of exporters who are allowed to import against a larger proportion of earned exchange as a subsidy, there is no question of hardship.

Since the US dollar, and foreign exchange in general, is valued some 50 percent higher in the black market than in the ordinary settlement of exports, the exporter has less challenge to export than to sell as much as possible locally. Were the exports settled at a properly valued rate in all cases, individual initiative would counsel participation in the broadest possible marketing of the product.

The exchange rate is over-valued. The elimination of over-valued Taiwan exchange is the most necessary single step to be taken to increase exports.

If we accept a maximum of electric power development as one of our optimum conditions for increasing exports, the prospect is definitely long term. Similarly, technical education and the substitution of private for state industry will take time, the latter for reasons of government expediency as well as the necessity of locating willing private replacement capital in sufficient quantity. It should be remembered that the paper and pineapple industries have passed from government to private ownership in recent years. The exports of these industries are now classed as private exports.

Promising fields for increasing exports in the near future are aluminum ingot and structural shape production, metal utensils, hardware and small parts, chemical products, canned and frozen foods, import processing and handicrafts. Increases in these categories plus product improvement and quality control will be important sources of increased exchange earnings.

The demand found it difficult to expand, inventories sharply increased, and the industry was forced into production control temporarily in the second half of 1954 reflecting the downswing of purchasing power due to deflation. However, the inventory rate as of June-end, 1956, fell sharply to 14.7 per cent (610 tons) in spite of the increased production by manufacturers due to the rapid consumption of inventories—and in addition to the smooth tempo of deliveries through (1) the expansion of the hard vinyl chloride category, (2) the exploitation of new demand fields such as vinyl shoes and films for agricultural use, and (3) the sharp drop in prices. When running stock is taken into consideration, reserve sales capacity is almost nil. The difficulty of processing companies obtaining their materials has become very serious. (There is a move to import 500 tons of vinyl chloride resin as an emergency measure).

Trend of Polyvinyl Resin Inventory

	Month	Production Volume (A)	Month-end Inventory Volume (B)	Inventory Percentage (B/A x 100)
1955	January	1,811 tons	1,717 tons	94.8%
	December	3,359	1,298	38.6
1956	January	3,336	1,261	37.8
	February	3,373	1,131	33.5
	March	3,856	1,051	27.3
	April	4,138	882	21.3
	May	4,169	638	15.3
	June	4,139	610	14.7

(Note: 1. Source: Chemical Industry Statistics Monthly Bulletin of the Ministry of International Trade and Industry.

2. Production Volume in 1955 is 74 tons more compared with the previous table: "Trend of Polyvinyl Chloride Resin Production").

Next when the 1955 deliveries are considered according to their mode of utilization, the soft vinyl chloride division continues to hold the major position of accounting for 50 per cent, and the hard division 29 per cent, and the electric wire insulation field follows with 14 per cent. The percentage compared with the previous year became 42 per cent for the soft division in contrast to 152 per cent for the hard division, respectively. Furthermore, exports reached five times that for the previous year, aggregating 2,000 tons. But they accounted for only 5.5 per cent of the total deliveries, 2,300 tons less than the planned total. This was due to the fact that manufacturers were forced to curtail export items under the pressure of domestic demand.

The export of vinyl chloride suffered from the following unfavourable conditions: (1) Growing intense competition with West Germany, Italy, etc. (2) The export of the compound became unprofitable due to the relative high level of the price of plastic vinyl chloride. In addition to the appearance of these unsatisfactory factors, the manufacturers' efforts were lacking in opening of new transactions

Record of Polyvinyl Chloride Plastic Deliveries Classified According to Utilization

Utilization	1954 Year Delivery (A)	1955 Year Delivery (B)	Percentage Of Total Shipment	Rate Of Increase (B—A x 100) A
Film for Agricultural Use	1,862 tons	2,519 tons	6.7%	35.3%
Film for General Use	3,820	4,980	13.3	30.4
Sheet	3,528	4,412	11.7	25.1
Artificial Leather	2,542	4,524	12.0	78.0
Soft Extrusion	1,067	1,961	5.2	83.8
Other Soft Product	454	333	0.9	(—) 26.7
For Soft Use, Total	13,273	18,730	49.8	41.1
Electric Wire Covering	3,154	5,339	14.2	69.3
Hard Tubing	2,635	6,682	17.8	153.7
Hard Sheet	1,347	3,183	8.5	136.3
Moulded Product	234	794	2.1	239.3
Others	154	354	0.9	129.9
For Hard Use, Total	4,370	11,013	29.3	152.0
Paint	195	177	0.5	(—) 9.2
Others	189	248	0.7	31.2
Export	412	2,081	5.5	405.1
Grand Total	21,593	37,588	100.0	74.1

(Source: Vinyl Chloride Association Monthly Bulletin).

Trend of Prices

The price of vinyl chloride, which was at first at the Y1,200 level, fell at a rapid pace as the result of the commencement of full-scale production. During the second half of 1952 especially, the price dropped extremely due to the inability of demand to keep pace with the rapid upswing of production as previously outlined. Subsequently, the price level dropped below the Y200 level after September, 1955, because the producers' boost in output got on the right track. Later, the manufacturers have been suppressing the upswing of prices—in order to revise extreme low prices—though the supply-demand situation is becoming extremely tight and the market price of raw materials also is showing a firm tone since the second half of 1955 up to this year. This is no other than the manufacturers' desire to preserve the selling markets in readiness for sales competition when demand is eased and at the same time to push one step further the increasing consumption of vinyl chloride. On the other hand, the large-scale reduction of production cost resulting from higher rate of production and the improved unit raw material rate cannot be overlooked.

Trend of Polyvinyl Chloride Resin Wholesale Price

(Unit: Yen per Kg.)

1950 June	1951 June	1952 June	1953 June	1954 June	1955 June	1955 Dec.	1956 June
500	520	365	250	275	200	190	195

Supply-Demand Prospects

The supply-demand situation has improved far above expectation as previously outlined, the Synthetic Resin Five Year Plan prepared in 1954 (production set at 55,000 tons for the scheduled final year of 1959) has recently been completely revised, it being decided that the scheduled 1956 production shall be 55,000 tons and for the final year of 1960 shall be 72,000 tons. However, competition among manufacturers in increasing plants and equipment is intense and the situation is already tending to exceed the revised target. (When the production plan of various companies are tabulated, the 1956 production volume becomes 73,400 tons, exceeding the 1960 target. It is considered certain that this year's target will be at least surpassed, even granting that the target may be off schedule due to delay in plant expansion, tighter raw material situation, etc.).

In the phase of demand on the other hand, hard pipe and hard sheet categories have both increased, the doubling of last year's actual record being forecast. In the soft products field, it is expected that further expansion will come as the result of the exploitation of new fields of utilization such as vinyl shoes, films for agricultural use, etc. Thus demand is very vigorous at present, it can be said. Yet there remain following factors as future problems in the supply-demand phase:

(1) The expansion of the facilities of the carbide and chlorine family, providing raw materials for vinyl chloride, has become necessary in order to meet the rapid expansion of vinyl chloride plants and facilities. (2) Under the present tight supply-demand situation, it cannot be said that the actual consumption circles' difficulties in obtaining vinyl chloride supply will suddenly be liquidated. However, it can be anticipated that the supply demand situation will sooner or later become easier keeping in step with the completion of the plant expansion plans of manufacturers and that sales competition will be intensified to another degree. (Already the manufacturers are endeavor-

CITIES OF INDONESIA

BOGOR—SEMARANG—JOGJAKARTA—SOLO—MAGELANG

BOGOR

Directly south of Djakarta, lying at the foot of the island's backbone of mountains, stands the ancient city of Bogor, re-named Buitenzorg by the Dutch in 1745, though the Indonesian people have always called it by its original name, Bogor. Bogor is ideally situated and has a cool climate with an average mean temperature of 25.4 degrees centrigrade. The city lies between two rivers, the Tjisadane and the Tjiliwung, whilst a third, the Tjiangke, has its source just north of the town; these three rivers empty their turbid contents into the Java Sea to the north, the Tjiliwung at Djakarta, and the other two further to the west. 870 feet above sea level, Bogor escapes the steamy humidity of the coast. But there is a fly in the ointment of its climatic attractions—the average annual rainfall is very high, so that there is rain every day, and heavy pelting falls which are nearly cloudbursts every so often.

Above the city to the south rises the peak of Mt Salak, while off to the south-east are the twin peaks of Pangrango and Gedeh, both of them more than 10,000 feet above sea level. Salak and Pangrango are both active volcanoes, and the soil all around the city is of obvious volcanic origin.

On the plains to the north of Bogor in the direction of Djakarta there are rubber and tea plantations of some extent, and rice is cultivated in the neighbourhood, mostly by the wet-field process, with some dry fields on the mountain slopes.

Bogor is no commercial centre, but a residential and a scientific one. The present population is in the neighbourhood of 140,000 with a population rate in the surrounding area of two to three hundred head per square kilometre (about 500 to 750 per square mile). A number of the city's inhabitants commute every day to Djakarta, with which city Bogor is connected both by good motor road and by electric train, and from which it is only about 35 miles distant. The commuting habit was also adopted by the former Dutch Governors General of Indonesia, who built a fine palace there. In fact, they built two, for the original structure, built some time after 1756, was destroyed by a severe earthquake in 1832. The present palace was erected in 1856, and it has become the property of the Republic of Indonesia. In 1745, the land covering the entire area of the city was taken over by Governor General Van Imhoff, who built the first palace, and it remained the private property of successive governors general until the time of Daendels (early 19th century), when parts of it were sold privately. At present, the chief administrative function of the city is to be the capital of Bogor Residency.

Bogor's reputation as a scientific centre rests upon the presence there of a number of well-known institutions, including the General Agricultural Experimental Station (the largest of its kind in the whole of Indonesia), the Forestry Experimental Station, a Laboratory for Chemical Research and an Institute for Rubber Research. The activities of these institutes have led to much improvement of applied science in the various fields which they cover. They thus have not only an international reputation, but are looked to for guidance in agricultural practice in Indonesia. Besides these specialised institutions, there are two senior grade colleges, one in veterinary science and one in agriculture. Bogor also possesses 37 primary schools, and 17 secondary schools—a very large number for what is comparatively a small city, until one remembers the heavy concentration of population in the area, and Bogor's scientific reputation.

Apart from the usual hospitals, clinics, etc., Bogor has a large Red Cross Hospital, and also is the location for one of Indonesia's most up-to-date lunatic asylums.

Bogor is the site of the Botanical Gardens which are famous for their scope and content in Europe as well as in Indonesia, and, indeed, are well-known wherever botanists gather. The gardens cover about 275 acres of land, and include an attached herbarium, a zoological museum, a library of scientific works, and a laboratory. The gardens were laid out in 1817 by C.G.E. Reinwardt, a former professor of botany at Amsterdam University, who also began the collection for the herbarium. The gardens and herbarium are not only extensive and beautiful, they represent one of the most successful attempts to gather in natural

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ing to secure stabilized consumers in preparation for the above eventuality). (3) In the future, it appears necessary to work for the stabilization of supply-demand situation through exports but the past export record being meagre, as stated above, much depends on future efforts. (4) The cost of polyethylene in Japan is relatively high because is still depends on imports at the present time. However, plans for its domestic production are being rapidly advanced. When it gets on the right track, vinyl chloride will come to compete with polyethylene in numerous fields. (5) None of the man-made fibres made from vinyl chloride polymers can yet be recognized as having secured a position as commercial products. The question still remains pending.

Estimated Demand Classified According to Categories Of the Revised Five-Year Plan

Year	1956	1957	1958	1959	1960
Film for Agricultural Use	3,300 tons	3,500	4,200	4,700	5,000
Film for General Use	5,400	5,500	5,600	5,700	5,700
Sheet	5,000	5,100	5,200	5,300	5,400
Artificial Leather	5,600	5,800	6,000	6,200	6,200
Soft Extrusion	2,500	2,600	2.700	2,800	2,800
Other Soft Products	600	700	800	900	900
For Soft Use, Total	22,400	23,200	24,500	25,600	26,000
Electric Wire Covering	6,200	7,000	7,500	8,000	8,000
Hard Pipe	13,000	14,500	16,000	18,000	19,000
Hard Sheet	6,000	7,000	8,000	9,000	9,500
Moulded Products	1,800	2,000	2,400	2,700	2,800
For Hard Use, Total	20,800	23,500	26,400	29,700	31,300
Paint	600	700	800	900	900
Man-made Fibres	1,000	1,600	1,800	1,800	1,800
Exports	4,000	4,000	4,000	4,000	4,000
Grand Total	55,000	60,000	65,000	70,000	72,000

Conclusion

The vinyl chloride industry has achieved a rapid development in a short period of five years; its rate of expansion is the highest among all chemical industries of Japan. Among them the carbide group chemical industry is sharply shifting its emphasis toward synthetic organic chemistry away from the past stress on chemical fertilizers, and the vinyl chloride industry—as one wing—can be expected to continue to further advance in the future with rich raw material resources and wide-scale demand as its background. From the long-term aspect, however, the easing of the supply-demand situation sooner or later cannot be avoided when the plants expansion competition comes to an end. Furthermore, intensified competition over an extensive field with Japan-made polyethylene can be expected in the future.

surroundings complete species of tropical growths. Anyone is at liberty to judge the beauty of these gardens, but it would take an expert to assess their worth; perhaps it is sufficient to note here that the gardens have 10,000 species of trees, and the herbarium 500,000 species of plants.

The attached library was started in 1842, and has a collection of about 60,000 volumes, some of them now extremely valuable. Next came the beginnings of the laboratory in 1884, which was intended as a research station for foreign scientific workers investigating tropical conditions on the spot. The museum is the youngest collection of the group, begun in 1894; but it already has a collection of more than three million specimens of insects, mammals and reptiles. The entire complex of gardens and attached institutions thus represents a collection of the vegetable and animal kingdoms, together with the library and laboratory necessary for their effective study. In 1860 a branch of the Botanical Gardens was established at a higher elevation to accommodate vegetation needing a colder climate for its growth. The branch gardens cover almost 200 acres and are situated on the volcanic slopes of Pangrango and Gedeh at Tjibodas, about 27 miles southeast of Bogor city.

In spite of the fact that Bogor is not a commercial centre, some manufacturing is conducted there, the largest concern being the Goodyear Tyre Factory. Besides this there is a glass factory, nine textile mills and several tapioca mills, and home industries include leather tanning, toy-making, shoe-making and the manufacture of furniture. An especial Bogor delicacy is pineapple, which grows there abundantly.

Bogor city has good roads, hilly in certain sectors, but there is adequate transport provided by buses and taxis. There are many hotels, cinemas, swimming pools and a hot mineral spring bath at Seseupan 6 miles out of the city.

There are many historical connections in Bogor's past, for this was the capital of the old Sundanese Kingdom of the 12th to the 16th centuries, and the inhabitants of the area still use the old Sundanese language. At Batutulis, 2 miles out of the city, may still be seen the inscribed stone, now an archaeological relic, which tells of the feats of Prabu Radja Purana, founder of the Pasundan Kingdom. The Pasundan Kingdom existed almost concurrently with the golden age of Modjopahit, whose efforts to conquer it were one of the influences leading to the ultimate downfall of Modjopahit.

SEMARANG

Almost exactly half way along the north coast of Java there is situated the city of Semarang, the capital of the Province of Central Java, and long of great importance in affairs of commerce and trade. Before the Dutch arrived in Indonesia, Semarang was already a town of some importance for the neighbouring locality. It lay under the suzerainty of the Sultan of Mataram, until a Sultan in 1678 ceded this part of his territories to the Dutch East India Company, and then further extended the area of this grant, of course in exchange for a consideration.

From 1743, Semarang was the seat of the Governor for the North East Coast of Java. When the Netherlands Government took over the affairs of the Dutch East India Company, Semarang became headquarters for the Sheriff of the area. After the term of British domination over Indonesia had come to an end, Semarang was one of the places to benefit from the administration re-organization initiated by Raffles, and became the capital of a Residency.

Semarang lies on a river near the coast. Along the northward coast, the land is swampy, but to the west of Semarang beaches and low headlands shelter many small fishing craft. To the south of Semarang, the foothills of the central mountain chain rise steeply, the active volcano Merbabu on the border of the Residency being the highest peak in the vicinity, more than ten thousand feet. Semarang is one of the biggest cities in Indonesia. The commercial sectors of the city extend for about 3 miles coastwise and, the harbour and railway goods yards excepted, are more than a mile deep for most of this length. Residential areas extend far beyond these limits, particularly to the south and south-west, which part of the city, where the houses of the well-to-do lie on the hills, is known by the name of Tjandi. The commercial importance of Semarang accounts for a fairly high percentage of Europeans and Chinese in the population, together amounting to about 60,000 persons. Semarang is the chief port for Central Java, and to it are brought the stocks of tea, coffee, rubber, sugar, rice, maize, cotton, forest vines and timber which are the chief export product of the entire area. It follows that great storehouses of many kinds and shapes are a very common sight in this busy city.

Semarang seems a rather sprawling town—the sort of place where you can go up one street, turn a corner, follow a winding road and find yourself back where you started. But some of the streets are really fine, with great trees arching across the road way and clean-looking houses flanking their sides. Buses run to all points in the vicinity. The transport needs of the area are met by two large and one smaller railway stations, two canals, one on either side of the city and the railway goods yard and harbour already referred to.

Fishing is an important industry, the catch being sent alive to the inland towns as well as being dried or sold on the local market. The fish are not only caught off the shore by line, net and small trawler, the fish themselves are cultivated in a great number of coastal ponds constructed for the purpose. The area of these fish breeding ponds in the immediate neighbourhood of Semarang city is considerably larger than the city itself. Most of these ponds lie between the commercial sector of the city and the Java Sea, the goods yard and harbour ploughing a passage way between.

Semarang contains good hotels, shops, swimming pools and many public amusements such as picture theatres, dance halls and outdoor cafes. A number of Chinese and European concerns have their head offices there, including the British American Tobacco Company, the largest cigarette manufacturer in Indonesia, whose factory, however, is in Cheribon. A well known local enterprise, and an old handicraft of Semarang is the series of small metal-working shops which produce the brass gongs for gamelan orchestras. These brass instruments are often beautifully engraved and decorated.

Some estates in the neighbourhood produce quinine, cocoa and indigo, as well as the more common export goods mentioned above. Some distance to the south of Semarang, in the Ungaran district, coal has been found. But the seams have not yet been adequately surveyed and no attempt has been made to mine them commercially. Off to the west of Semarang salt is won from mud wells at Kuwu and at Djono; this latter enterprise is conducted on a small scale by numerous local groups. Further afield, but still within the Semarang area, are many important places. Japara is the centre of the wood-carving arts which produce finely decorative figurines so much admired abroad. Apart from various decorative knick-knacks however, Japara's artists also produce some very fine furniture in excellent taste, design and workmanship. To the west of Semarang, in the Kendal district, at Pelantungan on the mountain, there are mineral springs which are known throughout Indonesia. Some of these springs are heated by volcanic sources, the hottest reaching temperatures of 46, 41 and 37 degrees centigrade.

The Semarang area has much to offer any student of Indonesia. From its hillsides we may trace Indonesian history and see the ghostly procession of Hindu immigration followed by Moslem conversion; within the city we may see a continuation of the story in the early Christian churches, the signs of old colonial conquest and of modern industrialisation and commerce.

JOGJAKARTA

"As an army with banners" is the thought of Jogjakarta to any Indonesian, for this city above all others bears a proud reputation in the recent history of the country. From 1946 to 1950, Jogjakarta was the capital of the Republic of Indonesia, and it was from Jogjakarta that its struggle for Independence was chiefly directed. Pre-war, Jogjakarta's chief contributions to Indonesian life consisted in providing educational facilities up to the level of college. Students of Javanese history, customs and culture, found much interest in the Kraton (palace) of the Sultan, and in surrounding cultural relics and the old influences kept alive in the customs of the people, whilst tourists often used the hotels there as a base from which to explore nearby Borobudur. Because of this link with Buddhism and the cultural air of the city, there was a large centre of the Theosophical Society in Jogjakarta, whose building was used later on as temporary quarters for the interim parliament of the Republic of Indonesia.

When the Modjopahit Empire crumbled, it left behind it the powerful Sultanate of Mataram, which reigned over most of Modjopahit's former territories on the island of Java. One of the two mid-eighteenth century descendants of this kingdom was the Sultan of Jogjakarta, or Yogyakatera, as the original Javanese name is better spelled for English-speaking people. Years later, the houses of the princes divided into two, but no appreciable division of the sultanate itself was made. A certain degree of local autonomy was allowed these sultanates during colonial days. In the first quarter of the 19th century, Prince Diponegoro was heir to the Jogjakarta Sultanate. But, because he championed the people against the extortion of Dutch lessees of estates, his claims to the sultanate were set aside by the Dutch authorities, and his more amenable (to the Dutch) younger brother was installed instead. But Prince Diponegoro continued his efforts.

The Jogjakarta Special Area of this day coincides roughly with the boundaries of the old sultanate, which is now co-ordinated with other local governments of the Republic. The area is approximately triangular in shape, with the Indian Ocean as base and the volcano Merapi as apex. "Apex" in more ways than one, for Merapi rises to over 9,500 feet above sea level, the only really high peak of the entire area. From this uptilted slope the land falls, none too gently at first, down to the coastal plains at the Ocean. Merapi's watershed is drained by the river Opak, and its lava is carried away safely in special canals. The other main river of the area is the Progo, which wanders away to the west and Magelang, and whose mouth lies between the sand dunes which line the western part of the shores of the region for many miles. In the eastern sector of the area is an arid, chalky mass of hills, whose soil grows very little, but which provides Jogjakarta and environs with two industries—the production of school chalk, and the manufacture of kalsomine. This Jogja area is not noted for its fertility, and for many years past has had to obtain a lot of rice from other parts of the country to feed its population.

Jogjakarta was a quiet place before the war; the city had a population of only about 150,000, and no one thought that it would leap into world prominence within a few eventful years. But leap it did. When fighting broke out at the end of 1945 and the Dutch began to occupy parts of Indonesia again, it became obvious that Djakarta would have many disabilities as a capital for the Republic. Jogjakarta was chosen: its position is central, it was far from the areas of Dutch penetration, its communication system was adequate, and, last but by no means least, the Sultan offered the use of buildings and whatever other help he could give. The help he could and did give was much, for he is democratic to the core, a firm supporter of the Republic. He is a very unusual man. He had been causing some consternation amongst "High Circles" right from the beginning of his reign. He would casually stroll into official receptions given pre-war by the Dutch Governor General, clad Javanese fashion in batik and white jacket, which he found quite fine enough without bothering about the regalia and gold braid of the army rank which the Dutch had conferred upon him. He doesn't like dressing up at all, for even now his family complain that they can never get him to follow any but the most pressing of the old ceremonial occasions which still abound in court circles. The truth is, however, that his family are all extremely proud of Jogja's Sultan, as are the people of the rest of Indonesia, including the other sultans whom one might think had cause to be jealous of his fame. But the Sultan conducts himself as a simple official of the government of the Republic, considering that, being wealthy and being trained, he has the greater duty to assist his country and his people in every possible way.

After the first Dutch military action in 1947, Jogjakarta became seriously over-crowded, as the streams of refugees from all parts of the country flocked to the capital. Official estimates of that time placed the population at about half a million; but the residents were inclined to laugh that figure to scorn, contending that nothing less than at least one whole million could make it so difficult to get even a small back-room to accommodate an entire family.

Jogja, to use the common and affectionate abbreviation, is not a big ctiy—you can walk across its greatest extent from the rice-fields on one side to the vegetable patches on the other in a couple of hours or less. The north-eastern part of the city is mainly a residential area, and new modern-type, plastered and whitewashed brick houses are still going up there, just as they have continued to do during the 25 years since the suburb was opened up. One long main street links the northern part with the southern sector where the ruins of the old Water Palace lie, where the Kraton is situated, and where Princes of the Royal House have their separate establishments. The main shopping centre is down this main street, but markets are scattered in the different areas, and small shops abound. The quarters of the second Royal House of Jogjakarta, that of the Paku Alam, lie to the east of the centre of the city, an old withdrawn sector it seems now, passed-by by time, with another new extension of the city further out.

During the period that this was the capital of the Republic, government offices were scattered almost all over the city. Jogja was the centre of the political life of the country; political parties, trade unions, and all manner of associations and commercial enterprises had their headquarters there. From Jogjakarta, President Sukarno opened the first anti-illiteracy campaign of post-war Indonesia. New schools were opened, and from this period began a number of entirely new industries. It was from Jogjakarta that leadership came for the rest of Indonesia, and there Sukarno was sworn in as the first President of the Republic.

In spite of the decreased population, and the withdrawal of government offices and of political activity, Jogjakarta is still a vastly different city to what it was pre-war. Educational facilities have been enlarged tremendously. In addition to the new schools, Jogjakarta is the site of the National "Gadjah Mada" University which arose out of the new spirit in Indonesia right in the thick of all the fighting and negotiation and troubles, and which has become firmly established. This university includes faculties of Law, Engineering, Social Sciences, and Medicine, to which have been added separate faculties of Agriculture, Veterinary Science, Pharmacy, and Dentistry. Also attached to this university are a Teachers' College, and an Academy for Political Science. This university will ultimately be housed in the former Presidency in Jogjakarta; in the meantime, different faculties and attached academies have found temporary quarters in different places, mainly by courtesy of the Sultan of Jogjakarta.

On the whole industry and commerce are on a small scale. The famous handicrafts of Jogjakarta have received a boost. Hand-tooled silver is produced to a high standard in Kota Gedeh, outside Jogja, with silver jewellery combined with real tortoise-shell, or with a chemically-blackened background, to put the design into higher relief. Jogjakarta batik is distinctive in its traditional patterns and its indigo and dark brown colouring, the latter produced by a lime-bath reaction on a medium brown natural dye. Wood-carving, leather goods, including practical bags and cases as well as parchment for lampshades, dress belts, and book-markers, and hand polished and carved horn goods, complete the list of the most interesting crafts of the area.

Reconstruction continues on the large group of Hindu temples at Prambanan, inside the border of the Jogjakarta area, and the old ruins of earlier days may be seen in the city, including the main buildings and courtyards of the Kraton. The Prambanan group seems to have included a seminary at one time, for a large area around the temples shows where individual cells have been for the monks. This group has decorations of very close affinity with those in Hindu India. The Kraton exhibits some of the most beautiful examples of the arts of Javanese interior ornamentation. Courtyards are shaded by great trees and link the more public buildings and reception halls, which have exquisitely carved, painted and gilded wooden pillars and cross beams, polished tile floors, and an atmosphere of great peace and charm about them. A Kraton habit is the planting of trees on all occasions of celebration.

SOLO

Solo or Surakarta is a very old seat of Javanese culture. Jogjakarta has recently been a little disinterested in the old traditions; Solo has kept them up, until very recently. Most Indonesians are of the opinion that Solo is now a more traditional centre of Hindu-Javanism than is Jogjakarta. According to the rules of kingly precedence, the ruler of Solo has a higher rank than the one of Jogjakarta, and he is known as "Susuhunan" and not as "Sultan". The Royal House of Solo has not moved with the times to the same extent as has that of Jogjakarta; Solo still is much influenced by the spirit of feudalism, not that of modern democracy. This opinion is contested by the protagonists of Solo who say their rulers are just as modern, and in accord with the spirit of the times, but they express it in different ways, remembering how necessary it is that Indonesia shall not forget her own values.

There is now an organised movement for dissolution of the principalities as such, and there is another organisation in existence which does not hesitate to use intimidatory methods to obtain its ends. The supporters of the Susuhunan (something like emperor) desire to see continuation of the traditional culture of old Java which can only be safeguarded by permitting some authority to the Court of Solo (as well as Jogja) and by not allowing too much control from the central government at Djakarta. However the ultra-nationalists and socialistic inclined people in Indonesia oppose the continuation of special rights and position of the two Principalities. This opposition gains strength from the non-Javanese in the Republic who do not appreciate the cultural values inherited from the past by the Javanese. There is a strong anti-Javanese movement among the Indonesians from Sumatra, Sulawesi, the Malukus etc., and even among the Sundanese who share with the Javanese their heavily populated island.

Complete democratisation of the principalities was officially announced, in line with the Constitution of the Republic, which lays down that there should be a council of representatives and an executive committee, elected by the people. This leaves the princes in the position of head of their principalities, whilst the business and affairs of the areas are conducted democratically.

The ancient history of Solo is a troubled one. It begins in the time of the Mataram Kingdom of Kartasura. First of all, there was fighting with the Chinese over a certain succession—the Chinese favoured the descendant of a Princess whose appearance was Chinese, but the Sultan had other ideas. Then, Mataram became involved in troubles with the Dutch. The seat of the Kingdom at Kartasura was badly damaged, and the Sultan was weary of the trying memories the old walls contained. So he decided to remove, and chose the village of Solo as a suitable position. A new Kraton was built at Solo, with an almost complete township within its walls, to which the Sultan gave the name of Surakarta, perhaps hoping to reverse his fortunes just as he reversed the name of his capital. The two names, Solo and Surakarta, continue to be used almost interchangeably to this present day; this is correct, for the original village was never pulled down, but flourished because of its juxtaposition to the new Kraton, and now has become a city outside the walls, just as there is now almost a city within. In ordinary conversation, most Indonesians nowadays use the name "Solo", probably only because it is shorter.

Later on, when the Dutch came, they built a fortress, with bastions, moats, and stone embankments in their best 18th century style, for it seems they were none too sure of the allegiance of the Susuhunan, and wanted to be assured of effective control at close range. This same pattern is repeated, obviously for the same sort of reason, in other cities of importance in Indonesia, including Jogjakarta.

Pre-war, Solo was one of the centres of the Nationalist Movement, from which work was conducted in the Central Java area. As a place of great importance in that area, it was also one of the centres of political activity after the Proclamation of Independence. From the middle of 1948 onwards, there occurred in Solo a number of disturbances, in which the Indonesian National Army was involved in clashes with fighting organisations of left-wing political groups. These disturbances culminated in the Madium Coup, in which left-wing groups, under the leadership of Muso and those communists who followed him, seized the town of Madium and set up their own administration. The Government of the Republic put down the rebellion by force of arms and smashed communism, which has lost then its chance to "take over".

Solo is a centre of handicrafts, and the main occupation of the population of the city and environs is in leatherwork, goldsmithery, batik, and horn carving and polishing.

A people's art of the area, well-known throughout Indonesia, is the production of small earthenware figurines and money-pigs, playthings, and toy dinner sets. It is the figurines which are so delightful—after baking, they are hand-painted, and so one sees almost anywhere in Indonesia, street-sellers with rows of most life-like tiny dolls, which represent Indonesian women and children in the dress of the day, the heroes of Wayang stories, resplendent in gold paint and gay colours, and many of the different costumes of the Solo-Jogjakarta area. The city is chiefly renowned for its dancers and musicians, who excel in their art. Although modelled upon the same stories and upon the same tradition, there is a distinct difference between the styles of Solo and Jogjakarta, which are rivals for the position of excellence in the Hindu-Javanese arts. The Jogjanese contend that the Soloese art has become static, and therefore moribund; the Soloese maintain that the Jogjanese have made so many concessions to modernity that their art is hardly worthy of the name.

But the city, its Kraton, and its dancing are not the whole of the area, which is approximately twice the size of that of Jogja, and includes the important towns of Sragen, Bojolali, Klaten, and Wonogiri. The principality has a shorter seaboard than any other political division of its kind in Java, being a mere four miles or so of coast along the Indian Ocean, bordering that of Jogjakarta to the east. Through the centre of the region flow the swift waters of Bengawan Solo, the largest river of all Java, on one of whose tributaries the city is built. Around that valley in all directions lie the foothills of the mountain chains, the rice fields rising on their heights like outspread skirts. Sugar, tea, coffee, and tobacco, also grow within the boundaries of the Residency, market produce includes cassava and maize, whilst indigo, cocoa, cinchona, pepper, kapok and vanilla are grown in sufficient quantity for surplus to be exported. In contrast with nearby Jogjakarta, this is a fertile region, but its heavy population, along the river valley rising to as much as about 1,200 per square mile, is a heavy drain on its products.

MAGELANG

Magelang's fame results from the fact that it is the nearest town to the great Hindu-Javanese temple of Borobudur, recovered from the depths of tropical growths early last century and in a remarkably fine state of preservation. The temple stands on a rise of ground backed by some jagged hills, its stupas dark against them. Around the temple lie bright green and yellow rice fields, and from the top galleries one may gaze to the great mountains past the meditating Buddhas. This temple is one of the acknowledged wonders of the world, and a monument for Indonesia that displays the artistry and culture of the old Hindu-Javanese civilisation which flourished here over a thousand years ago.

Magelang itself is now a poor, a depressing town. The region's wealth is mainly concentrated in the production of rice, and this goes to feed the local population; there are few funds left for the repair of the tourist hotels which once made the town a busy centre. There are some tobacco fields in the area, mostly on a small scale. A nearby sugar factory which used to draw cane from the Magelang area has been destroyed, and most of the other larger industries have fallen into disuse. Reconstruction is beginning to make some headway. Railway bridges and roads have been repaired, and houses have been rebuilt.

A narrow guage railway links Magelang with Semarang and with Jogjakarta. Bus services reach out from Magelang in several directions. The land around Magelang is fertile and the region is one of the most heavily populated on the whole island.

Apart from visits to Borobudur, sightseers find other attractions in the neighbourhood. There are two smaller temples at Pawon and Mendut, the latter being particularly valuable because of a remarkable statue of Buddha which it contains. There are the surrounding mountains, which, although classed as active volcanoes, seldom have anything more to show than vapour and escaping gases.

(To be Continued)

MALAYA'S MINERAL OUTPUT

The daily average price on Singapore Tin Market during 1956 was $387.03 per picul, as compared with $365.77 for 1955. The market has been generally buoyant throughout 1956, with few violent reactions. Fears of widespread strike action by the mining labour Union, and the Suez crisis, inspired sharp reactions from which the market recovered. The seemingly strong market position should not inspire any complacency. Overall world statistics (excluding Iron Curtain countries from which no reliable figures are available) continue to mark the substantial upward trend of consumption and the slight, though significant, decline in production. The closing of the Texas Smelter at the end of 1956, the produce of which has been insulated in the American Stockpile, indicates a nearby weakness in the Tin market though, with the continuance of the present trends consumption should balance production within the foreseeable future. In the interim, the International Buffer Stock scheme may be able to take care of the surplus production. It now seems probable that the market will recover much earlier than was expected, and that the price index for Tin will achieve the higher rank that will be necessary to maintain future world production from its lower grade resources.

Although the numbers of substantial producing units remained roughly the same, production from the dredging section continued to lose ground, whereas that from the gravel-pump, hydraulic, and opencast sections showed further increases. The total production last year, at 62,295.64 tons of Tin-in-Concentrates, is a new post-war record—for the second successive year—being some 1,051 tons greater than the production for the previous year. On the basis of Smelters Assays of concentrates produced in the Federation, the production of Concentrates was converted to Tin-in-Concentrates at 75.4% Sn during 1956, as compared with 75.3% Sn during 1955. There was, however, an overall increase in the production of Concentrates during 1956 of 21,613 piculs, so that the 1956 production was not a mere paper "record".

The production of COAL again declined slightly during 1956, in conformity with a further slackening of demand; and the production of GOLD eased by some 11%, due mainly to the labour dispute at Raub. Further substantial increases—in the production of IRON-ORE (by nearly 1 million tons) and BAUXITE (by some 42,000 tons), and in the exports of ILMENITE (by some 68,000 tons)—reflect a satisfactory state in the production of other minerals.

Production of Minerals

	Tin concentrates Piculs	Tin-in-concentrates Tons	Coal Tons	Raw Gold Troy Ozs.	Iron ore Tons	Bauxite Tons
1956:	1,388,022	62,294	182,479	20,252	2,444,570	264,444
1955:	1,366,409	61,244	206,118	22,838	1,466,184	222,162

(in Tons)

	Ilmenite (EXPORTS)	Monazite	Wolfram	Scheelite	Columbite	China Clay
1956:	122,176	631	48	46	277	1,155
1955:	53,875	249	56	50	236	1,378

HONGKONG'S TRADING PARTNERS IN 1956

PART III

U.S.A.

	Imports H.K.$	Exports H.K.$
Live animals, chiefly for food	4,820	—
Meat and meat preparations	5,768,243	1,804,877
Dairy products, eggs and honey	1,374,494	—
Fish and fish preparations	4,259,195	5,671,844
Cereals and cereal preparations	6,093,100	1,544,201
Fruits and vegetables	30,801,225	8,823,280
Sugar and sugar preparations	2,223,416	436,931
Coffee, tea, cocoa, spices and manufactures	1,242,323	1,109,564
Feeding stuffs for animals (not including unmilled cereals)	233,526	—
Miscellaneous food preparations	6,802,741	3,195,701
Beverages	834,210	379,203
Tobacco and tobacco manufactures	36,534,132	—
Hides, skins and fur skins, undressed	238,160	8,595
Oil-seeds, oil nuts and oil kernels	71,047	—
Crude rubber, including synthetic and reclaimed	96,649	—
Wood, lumber and cork	707,247	2,006,453
Pulp and waste paper	2,885,833	—
Textile fibres and waste	74,682,297	1,482,880
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	489,292	330,170
Metalliferous ores and metal scrap	468,786	60,000
Animal & vegetable crude materials, inedible	15,922,114	1,362,010
Mineral fuels, lubricants and related materials	5,840,204	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	359,364	—
Chemical elements and compounds	6,288,992	9,900
Mineral tar and crude chemicals from coal, petroleum and natural gas	619,168	—
Dyeing, tanning and colouring materials	1,828,175	233,445
Medicinal and pharmaceutical products	22,117,845	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations	10,832,780	25,079
Fertilizers, manufactured	1,343	—
Explosives and miscellaneous chemical materials and products	4,876,069	4,218,445
Leather, leather manufactures, n.e.s., & dressed furs	5,722,904	51,062
Rubber manufactures, n.e.s.	841,318	—
Wood and cork manufactures (excluding furniture)	340,273	266,040
Paper, paperboard and manufactures	5,418,272	221,332
Textile yarn, fabrics, made-up articles and related products	49,976,858	2,201,252
Non-metallic mineral manufactures, n.e.s.	2,706,052	1,696,814
Silver, platinum, gems and jewellery	834,944	4,178,623
Base metals	27,092,192	—
Manufactures of metals	3,871,156	1,615,902
Machinery other than electric	24,715,567	37,577
Electric machinery, apparatus and appliances	5,477,274	2,192,565
Transport equipment	7,547,883	131,443
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	1,614,772	8,590,162
Furniture and fixtures	410,450	21,848,644
Travel goods, handbags and similar articles	265,680	718,302
Clothing	7,712,839	19,524,063
Footwear	787,198	2,060,493
Scientific instruments; photographic & optical goods; watches & clocks	11,797,426	2,084,275
Miscellaneous manufactured articles	22,165,098	16,424,028
Live animals, not for food	11,566	25,408
TOTAL MERCHANDISE	423,806,512	116,570,563
Gold and Silver	7,530	—
GRAND TOTAL	423,814,042	116,570,563

CENTRAL AMERICA

	Imports H.K.$	Exports H.K.$
Meat and meat preparations	—	95,178
Dairy products, eggs and honey	—	4,430
Fish and fish preparations	16,022	265,419
Cereals and cereal preparations	—	105,967
Fruits and vegetables	—	773,614
Sugar and sugar preparations	—	2,750
Coffee, tea, cocoa, spices and manufactures	—	85,921
Miscellaneous food preparations	—	242,639
Beverages	45,947	35,973
Tobacco and tobacco manufactures	37,466	680
Hides, skins and fur skins, undressed	—	5,700
Oil-seeds, oil nuts and oil kernels	—	31,796
Textile fibres and waste	1,687,839	—
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	—	360
Animal & vegetable crude materials, inedible	991	699,127
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	50,928
Chemical elements and compounds	—	13,775
Dyeing, tanning and colouring materials	—	162,450
Medicinal and pharmaceutical products	330,548	481,783
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	18,507
Explosives and miscellaneous chemical materials and products	—	232,011
Leather, leather manufactures, n.e.s., & dressed furs	—	3,520
Rubber manufactures, n.e.s.	—	440
Wood and cork manufactures (excluding furniture)	—	61,440
Paper, paperboard and manufactures	—	31,605
Textile yarn, fabrics, made-up articles and related products	—	7,904,990
Non-metallic mineral manufactures, n.e.s.	—	304,659

	Imports H.K.$	Exports H.K.$
Silver, platinum, gems and jewellery	24,464	413,869
Base metals	—	2,846
Manufactures of metals	—	2,347,703
Machinery other than electric	—	5,305
Electric machinery, apparatus and appliances	—	275,648
Transport equipment	—	11,094
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	2,588,631
Furniture and fixtures	—	977,258
Travel goods, handbags and similar articles	—	507,547
Clothing	—	9,228,877
Footwear	—	1,106,057
Scientific instruments; photographic & optical goods; watches & clocks	—	18,059
Miscellaneous manufactured articles	—	2,161,160
TOTAL	2,143,277	31,259,716

ARGENTINA

	Imports H.K.$	Exports H.K.$
Meat and meat preparations	813,758	—
Fruits and vegetables	6,448	—
Miscellaneous food preparations	448	—
Animal & vegetable crude materials, inedible	—	8,700
Chemical elements and compounds	—	8,227
Medicinal and pharmaceutical products	11,493	20,634
Explosives and miscellaneous chemical materials and products	1,337,072	—
Leather, leather manufactures, n.e.s., & dressed furs	6,982	—
Textile yarn, fabrics, made-up articles and related products	—	480
Non-metallic mineral manufactures, n.e.s.	—	1,029
Manufactures of metals	—	441,180
Electric machinery, apparatus and appliances	—	2,100
Transport equipment	—	16,000
Furniture and fixtures	—	3,680
Travel goods, handbags and similar articles	—	821
Miscellaneous manufactured articles	—	8,213
TOTAL	2,176,201	511,064

BRAZIL

	Imports H.K.$	Exports H.K.$
Textile fibres and waste	54,580,299	—
Animal & vegetable crude materials, inedible	16,906	205,153
Medicinal and pharmaceutical products	70,547	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations	84,065	—
Textile yarn, fabrics, made-up articles and related products	—	6,265
Non-metallic mineral manufactures, n.e.s.	—	6,970
Base metals	—	2,675
Manufactures of metals	—	87,409
Machinery other than electric	—	45,090
Electric machinery, apparatus and appliances	—	15,521
Transport equipment	—	11,000
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	14,571
Scientific instruments; photographic & optical goods; watches & clocks	—	72,271
Miscellaneous manufactured articles	—	51
TOTAL	54,751,817	466,976

SOUTH AMERICAN COUNTRIES, OTHER

	Imports H.K.$	Exports H.K.$
Meat and meat preparations	—	59,639
Dairy products, eggs and honey	—	1,862
Fish and fish preparations	32,563	553,257
Cereals and cereal preparations	—	63,792
Fruits and vegetables	—	445,934
Sugar and sugar preparations	—	9,939
Coffee, tea, cocoa, spices and manufactures	—	800,250
Miscellaneous food preparations	—	289,456
Beverages	—	9,668
Oil-seeds, oil nuts and oil kernels	—	28,290
Textile fibres and waste	963,900	—
Animal & vegetable crude materials, inedible	—	271,494
Chemical elements and compounds	—	47,820
Medicinal and pharmaceutical products	—	173,767
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	49,175
Explosives and miscellaneous chemical materials and products	—	703,911
Leather, leather manufactures, n.e.s., & dressed furs	—	1,596
Rubber manufactures, n.e.s.	—	3,672
Wood and cork manufactures (excluding furniture)	—	49,405
Paper, paperboard and manufactures	—	7,585
Textile yarn, fabrics, made-up articles and related products	—	4,589,673
Non-metallic mineral manufactures, n.e.s.	—	229,054
Silver, platinum, gems and jewellery	—	606,624
Manufactures of metals	—	4,389,479
Machinery other than electric	—	2,914
Electric machinery, apparatus and appliances	73,274	491,366
Transport equipment	500	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	2,351,186
Furniture and fixtures	—	141,816
Travel goods, handbags and similar articles	—	168,149
Clothing	—	3,048,878
Footwear	—	414,590
Scientific instruments; photographic & optical goods; watches & clocks	—	71,212
Miscellaneous manufactured articles	—	2,590,133

	Imports H.K.$	Exports H.K.$
Live animals, not for food	—	116
TOTAL MERCHANDISE	1,070,237	22,665,702
Gold and Silver	17,500	—
GRAND TOTAL	1,087,737	22,665,702

BURMA

	Imports H.K.$	Exports H.K.$
Meat and meat preparations	—	170
Dairy products, eggs and honey	—	13,387
Fish and fish preparations	—	15,595
Cereals and cereal preparations	23,440,489	1,234,298
Fruits and vegetables	4,165,967	823,754
Sugar and sugar preparations	—	55,615
Coffee, tea, cocoa, spices and manufactures	—	7,106
Feeding stuffs for animals (not including unmilled cereals)	485,686	—
Miscellaneous food preparations	—	485,753
Beverages	—	7,607
Tobacco and tobacco manufactures	21,186	2,012
Wood, lumber and cork	192,306	—
Pulp and waste paper	—	572,378
Textile fibres and waste	5,039,373	668,976
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	—	6,463
Animal & vegetable crude materials, inedible	755,872	294,691
Mineral fuels, lubricants and related materials	—	124
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	22,820
Chemical elements and compounds	—	96,399
Dyeing, tanning and colouring materials	—	464,210
Medicinal and pharmaceutical products	—	5,270,994
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	474,873
Explosives and miscellaneous chemical materials and products	—	371,856
Leather, leather manufactures, n.e.s., & dressed furs	—	2,560
Rubber manufactures, n.e.s.	—	77,405
Wood and cork manufactures (excluding furniture)	622	8,200
Paper, paperboard and manufactures	—	687,047
Textile yarn, fabrics, made-up articles and related products	—	5,384,187
Non-metallic mineral manufactures, n.e.s.	—	372,005
Silver, platinum, gems and jewellery	1,326,269	27,013
Base metals	—	704,763
Manufactures of metals	—	1,248,733
Machinery other than electric	—	1,343,539
Electric machinery, apparatus and appliances	—	780,653
Transport equipment	240	6,505,675
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	70,279
Furniture and fixtures	—	11,338
Travel goods, handbags and similar articles	—	930
Clothing	—	337,253
Footwear	—	135,236
Scientific instruments; photographic & optical goods; watches & clocks	54,708	383,067
Miscellaneous manufactured articles	—	2,666,451
TOTAL	35,482,718	31,635,415

CHINA

	Imports H.K.$	Exports H.K.$
Live animals, chiefly for food	143,111,179	—
Meat and meat preparations	22,369,742	1,180
Dairy products, eggs and honey	45,819,119	30,911
Fish and fish preparations	51,398,302	72
Cereals and cereal preparations	45,348,446	1,569
Fruits and vegetables	117,056,609	211,705
Sugar and sugar preparations	776,319	5,518,992
Coffee, tea, cocoa, spices and manufactures	26,290,489	195,116
Feeding stuffs for animals (not including unmilled cereals)	745,149	—
Miscellaneous food preparations	3,781,201	152,981
Beverages	4,304,791	110,912
Tobacco and tobacco manufactures	225,445	21,416
Hides, skins and fur skins, undressed	10,893,537	—
Oil-seeds, oil nuts and oil kernels	20,176,470	—
Crude rubber, including synthetic and reclaimed	—	240,950
Wood, lumber and cork	14,920,391	2,377,336
Textile fibres and waste	16,399,284	1,517,550
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	5,149,134	151,462
Metalliferous ores and metal scrap	38,126	30,000
Animal & vegetable crude materials, inedible	95,286,528	10,367,723
Mineral fuels, lubricants and related materials	10,540,990	31,750
Animal and vegetable oils (not essential oils), fats, greases and derivatives	50,600,033	100
Chemical elements and compounds	4,407,197	907,243
Dyeing, tanning and colouring materials	6,189,311	2,206,950
Medicinal and pharmaceutical products	4,764,873	6,950,381
Essential oils and perfume materials; toilet, polishing and cleansing preparations	7,841,979	539,923
Fertilizers, manufactured	—	35,964,145
Explosives and miscellaneous chemical materials and products	1,673,365	1,469,542
Leather, leather manufactures, n.e.s., & dressed furs	412,521	585
Rubber manufactures, n.e.s.	—	228,743
Wood and cork manufactures (excluding furniture)	3,456,815	38,725
Paper, paperboard and manufactures	33,338,495	5,650,096
Textile yarn, fabrics, made-up articles and related products	191,850,348	19,508,768
Non-metallic mineral manufactures, n.e.s.	31,847,204	215,396
Silver, platinum, gems and jewellery	7,499,712	708,667
Base metals	3,653,453	17,079,596
Manufactures of metals	10,249,156	3,280,208
Machinery other than electric	4,396,081	2,390,622
Electric machinery, apparatus and appliances	2,129,759	1,030,723
Transport equipment	293,068	4,793,814
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	1,315,125	406,436
Furniture and fixtures	1,220,957	37,854

	Imports H.K.$	Exports H.K.$
Travel goods, handbags and similar articles	921,469	60
Clothing	13,346,765	175,435
Footwear	774,298	—
Scientific instruments; photographic & optical goods; watches & clocks	211,180	9,646,912
Miscellaneous manufactured articles	21,113,740	1,778,811
Live animals, not for food	176,299	—
TOTAL	1,038,314,454	135,971,366

FORMOSA

	Imports H.K.$	Exports H.K.$
Live animals, chiefly for food	5,298,398	—
Meat and meat preparations	—	89,224
Dairy products, eggs and honey	2,954	2,138,766
Fish and fish preparations	135	587,354
Cereals and cereal preparations	1,700	32,781
Fruits and vegetables	4,395,055	463,629
Sugar and sugar preparations	18,812,381	71,540
Coffee, tea, cocoa, spices and manufactures	3,169,905	342,628
Feeding stuffs for animals (not including unmilled cereals)	595	212,244
Miscellaneous food preparations	44,885	300,439
Beverages	231,293	1,212,723
Tobacco and tobacco manufactures	500	328,293
Hides, skins and fur skins, undressed	—	1,710,381
Wood, lumber and cork	297,144	285,479
Textile fibres and waste	—	2,024,256
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	31,645	236,480
Metalliferous ores and metal scrap	9,000	257,392
Animal & vegetable crude materials, inedible	3,334 411	8,140,319
Mineral fuels, lubricants and related materials	648,306	265,769
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	1,013,958
Chemical elements and compounds	171,363	1,144,379
Mineral tar and crude chemicals from coal, petroleum and natural gas	—	285,418
Dyeing, tanning and colouring materials	—	2,082,708
Medicinal and pharmaceutical products	663,290	2,237,604
Essential oils and perfume materials; toilet, polishing and cleansing preparations	7,204,203	399,121
Fertilizers, manufactured	—	9,442
Explosives and miscellaneous chemical materials and products	78	960,817
Leather, leather manufactures, n.e.s., & dressed furs	2,900	814,250
Rubber manufactures, n.e.s.	—	186,688
Wood and cork manufactures (excluding furniture)	63,080	576,442
Paper, paperboard and manufactures	315,845	913,160
Textile yarn, fabrics, made-up articles and related products	4,399,219	4,941,603
Non-metallic mineral manufactures, n.e.s.	4,460	473,531
Silver, platinum, gems and jewellery	102	60,956
Base metals	896,374	1,268,744
Manufactures of metals	269	563,157
Machinery other than electric	—	1,209,890
Electric machinery, apparatus and appliances	—	1,075,444
Transport equipment	—	996,092
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	436,269
Furniture and fixtures	2,200	385,928
Travel goods, handbags and similar articles	240	44,945
Clothing	6,853	1,495,789
Footwear	—	262,895
Scientific instruments; photographic & optical goods; watches & clocks	276,386	3,024,614
Miscellaneous manufactured articles	231,777	1,911,865
Live animals, not for food	—	7,484
TOTAL MERCHANDISE	50,516,946	47,482,890
Gold and Silver	239,500	—
GRAND TOTAL	50,756,446	47,482,890

CAMBODIA, LAOS & VIETNAM

	Imports H.K.$	Exports H.K.$
Live animals, chiefly for food	1,580,145	—
Meat and meat preparations	302,954	34,042
Dairy products, eggs and honey	11,515	1,578,345
Fish and fish preparations	881,582	1,659,847
Cereals and cereal preparations	22,438,815	2,538,639
Fruits and vegetables	2,919,793	4,762,167
Sugar and sugar preparations	7,500	1,815,057
Coffee, tea, cocoa, spices and manufactures	1,191,135	1,611,114
Feeding stuffs for animals (not including unmilled cereals)	968,533	—
Miscellaneous food preparations	4,441	1,853,126
Beverages	—	1,688,418
Tobacco and tobacco manufactures	—	953,966
Hides, skins and fur skins, undressed	443,248	—
Oil-seeds, oil nuts and oil kernels	6,355,844	3,000
Crude rubber, including synthetic and reclaimed	21,914	71,550
Wood, lumber and cork	252,372	6,030
Pulp and waste paper	—	53,797
Textile fibres and waste	1,906,810	1,557,630
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	441,139	91,347
Metalliferous ores and metal scrap	2,922,029	—
Animal & vegetable crude materials, inedible	4,236,281	5,911,462
Mineral fuels, lubricants and related materials	19,417,193	417,319
Animal and vegetable oils (not essential oils), fats, greases and derivatives	516,260	616,732
Chemical elements and compounds	1,100	673,778
Mineral tar and crude chemicals from coal, petroleum and natural gas	—	743,132
Dyeing, tanning and colouring materials	—	1,807,647
Medicinal and pharmaceutical products	—	2,358,148
Essential oils and perfume materials; toilet, polishing and cleansing preparations	1,863,107	860,012
Fertilizers, manufactured	—	1,446
Explosives and miscellaneous chemical materials and products	—	254,257

	Imports H.K.$	Exports H.K.$
Leather, leather manufactures, n.e.s., & dressed furs	—	61,364
Rubber manufactures, n.e.s.	—	999,465
Wood and cork manufactures (excluding furniture)	—	389,021
Paper, paperboard and manufactures	—	8,365,898
Textile yarn, fabrics, made-up articles and related products	281,275	48,185,835
Non-metallic mineral manufactures, n.e.s.	115	3,308,864
Silver, platinum, gems and jewellery	—	143,374
Base metals	—	5,081,239
Manufactures of metals	—	4,836,818
Machinery other than electric	—	8,234,960
Electric machinery, apparatus and appliances	—	3,488,303
Transport equipment	502,524	956,235
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	2,606,535
Furniture and fixtures	1,300	1,221,004
Travel goods, handbags and similar articles	—	287,789
Clothing	—	5,371,302
Footwear	16,960	840,216
Scientific instruments; photographic & optical goods; watches & clocks	19,845	4,968,352
Miscellaneous manufactured articles	2,802	5,397,336
Live animals, not for food	4,100	—
TOTAL	69,512,631	138,665,918

INDONESIA

	Imports H.K.$	Exports H.K.$
Meat and meat preparations	—	18,986
Dairy products, eggs and honey	—	106,194
Fish and fish preparations	265,349	4,095,698
Cereals and cereal preparations	—	161,028
Fruits and vegetables	96,141	1,795,032
Sugar and sugar preparations	7,099,217	76,162
Coffee, tea, cocoa, spices and manufactures	1,373,513	26,727
Feeding stuffs for animals (not including unmilled cereals)	263,497	39
Miscellaneous food preparations	538,685	1,627,223
Beverages	—	317,625
Tobacco and tobacco manufactures	—	53,031
Oil-seeds, oil nuts and oil kernels	—	300
Pulp and waste paper	—	70,511
Textile fibres and waste	—	2,287,130
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	14,000	146,390
Animal & vegetable crude materials, inedible	11,186,770	4,569,809
Mineral fuels, lubricants and related materials	37,396,741	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	14,100	23,700
Chemical elements and compounds	—	1,094,721
Dyeing, tanning and colouring materials	—	10,965,458
Medicinal and pharmaceutical products	—	1,724,957
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	348,338
Fertilizers, manufactured	—	430,420
Explosives and miscellaneous chemical materials and products	4,050	473,391
Rubber manufactures, n.e.s.	—	3,838,223
Wood and cork manufactures (excluding furniture)	—	352,989
Paper, paperboard and manufactures	—	3,484,851
Textile yarn, fabrics, made-up articles and related products	—	316,603,885
Non-metallic mineral manufactures, n.e.s.	—	12,582,049
Silver, platinum, gems and jewellery	—	160,797
Base metals	—	28,670,563
Manufactures of metals	—	12,026,795
Machinery other than electric	—	19,073,667
Electric machinery, apparatus and appliances	18,000	5,074,500
Transport equipment	549,735	7,040,771
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	13,370,935
Furniture and fixtures	12,000	91,663
Travel goods, handbags and similar articles	—	6,866
Clothing	—	38,000,915
Footwear	—	81,064
Scientific instruments; photographic & optical goods; watches & clocks	17,680	1,811,530
Miscellaneous manufactured articles	25,000	8,743,486
Live animals, not for food	750	—
TOTAL	58,875,228	501,428,419

FINANCE & COMMERCE

INVESTING IN AMERICAN SECURITIES

By E. Kann

Before making capital investments it is essential that the investor should be well posted as to fundamentals. One way to invest is to select the kind of stocks a capitalist wishes to acquire. Another road leads to methods in terms of which the buyer relegates this task to professional Investment Trusts, or Mutual Funds. This latter method is often styled "the lazy man's manner to invest". The underlying principle is that the capitalist, who has neither the means nor the experience to select a group of stocks, becomes a participant in a 'single package', since the Investment Company usually holds a diversified assortment of shares and bonds of a hundred or more concerns.

The Mutuals originated in about 1928 and thus were drawn into the maelstrom of the 1929 crush. But this break taught them a good lesson in connection with conservative management. Actually none of the Investment Companies has missed paying the annual dividend, though same might have been small.

What are the Investment Companies? Let us first of all determine what are the principles guiding the actions of Mutual Funds. Let us also recall that, according to regulations enacted by Congress in 1940, definite rules for the conduct of business were created; and, furthermore, that the Security and Exchange Commission is policing the doings of the Funds. While federal rules assure integrity, they cannot, of course, protect investors against poor management.

There are two kinds of Investment Companies functioning in America: Open-end (or mutual) and closed-end companies. The basic difference between the two is that the open-end continue to issue and sell new shares. They are by far in the majority and have shown during the past 20 years more impressive growth than the other group. Their total outstanding shares are fluctuating in volume; they will be augmented through new sales and they will decrease when shareholders turn in their stocks for redemption. The redemption value depends entirely upon the market value of its assets on any given day, plus a loading charge, or sales commission.

Closed-end concerns' capitalization is not expanded or reduced. Shares in closed-end companies is only obtainable through purchases in the open market. Such shares are quoted daily in one or more of the Security Exchanges and are traded as any other corporate security. Cost is the quoted market price which is frequently below the asset value.

Today there exist nearly three million shareholders in both these Funds, about double the number of five years ago; their total assets amount to nearly 10 billion dollars. Purchases of new shares have recently been exceeding redemptions in a ratio of about 3 to 1, according to United Business Service (Boston). Such facts are impressive and inducive.

Advantages and Drawbacks: As already hinted, Investment Trusts offer to the small man the possibility to conveniently purchase a cross-section of American business. The buyer is relieved of the responsibility to pick for himself individual stocks. The asset values tend to rise and fall in line with the general market. The Trusts are always diversified, i.e., they hold industrial and railway stocks as well as utilities, but also preferds, corporate bonds and government bonds.

Yet, there are considerable drawbacks in connection with the acquisition of open-end Fund shares. The principal disadvantage is to be found in the initial levy of from 8% to 10% when buying such stock, under the style of 'loading charge.' (No fee is imposed when selling such stock). And, besides, a charge of from ½% to 1% is levied annually according to the net assets of the company. These costs are exorbitant and compare with averagely ½% brokerage when you buy your selected stock(s) through a broker on one of the U.S. Security Exchanges.

The closed-end companies demand no loading charge, and when you acquire their shares in the open market, you pay the customary brokerage of about ½%, and nothing else. Prices of the stock of closed-end Funds usually (though not always) are below asset values. These statements go to show that closed-end Funds are more favorable to the holder. Now the question will arise as to why closed-end Investment shares usually are quoted below their asset value? Often the performance of the portfolio is not brilliant. You will recall that some of the industrial stocks in the open market sell at a very low ratio to the market value of the assets; there are also other reasons, like a somewhat speculative portfolio, high capital leverage, a high operating expense factor, etc.

What Income is likely to be derived from Investment Trusts? Recently a lady of my acquaintance assured me that she was highly satisfied with her income from investments in Investment Funds; and that such income aggregated 8% per annum. I did not hesitate to contradict her and ventured the opinion that average income approximated about 3½% a year. Of this fact I am convinced, just as well as of the likelihood of obtaining outside an interest yield exceeding 3½%. Furthermore, this figure will mercilessly be reduced further when paying income taxes which, for non-residents, aggregate 30% of income from dividends. What induced my acquaintance to believe that she had an 8% investment was the fact that she received dividend warrants amounting to an 8% annual rate, but with a statement showing (a) profit from dividends obtained by the Investment Co., less overhead expenditure; and (b) profit from selling certain stocks; again less overhead.

However, the lady referred to overlooked the fact that the 4½% she got from profits emanating from the sale of shares were not income, but a return of capital. If she had immediately re-invested the money she obtained, she could have maintained her status; but otherwise her capital will have been dissipated.

To summarize: Undoubtedly mutual fund shares serve a useful purpose, but they are not the one-way road to riches. The discriminating investor nowadays has the opportunity to study reports of the various industrial enterprises in America and Canada and ought to be able to select one or more promising stocks, the benefits from which he can enjoy without the aid of Trusts, whose overhead charges are very high and who have to charge accordingly for their services.

All the Investment Trusts publish periodically detailed lists of the ingredients of their portfolios. Thus the prospective investor can see, and perhaps judge, the prospective fate of the stocks held as investments. The standing of all of the (about) 250 investment Trusts in America is sound. And yet, I consider that the average investor ought to be his own guardian of his hard-earned dollars.

HK EXCHANGE MARKETS

U.S.$

April	T.T. High	T.T. Low	Notes High	Notes Low
22		Holiday		
23	$627	625	622½	620½
24	627	625½	622¼	620½
25	628	626½	623⅝	621¾
26	628¾	627¾	624	623
27	627½	626¾	623⅛	622

D.D. rates: High 626½ Low 622½.

Trading totals: T.T. US$4,230,000; Notes cash $335,000, forward $2,010,000; D.D. $250,000. The market continued steady throughout the week. Weak cross rates attracted heavy speculative purchases. In the T.T. sector demand was strong. The expected relaxation of embargo on China trade helped to stimulate the demand; however, offers from Japan, Korea, and the Philippines abundant. In the Notes market, shippers and speculators provided steady demand when the gap between notes and T/T widened. Interest favoured sellers and aggregated HK$1.00 per US$1,000; positions taken by speculators averaged US$2¾ million per day. In the D.D. sector, market was very quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK$: Philippines 1.77—1.76, Japan 0.014825—0.01475, Malaya 1.876, Vietnam 0.06451—0.06369, Laos 0.058, Cambodia 0.08, Thailand 0.2841. Sales: Pesos 230,000, Yen 105 million, Malayan $220,000, Piastre 8 million, Kip 3 million, Rial 4 million, and Baht 2½ million. **Chinese Exchange:** People's Yuan notes quoted $1.48—1.40 per Yuan. Taiwan Dollar notes quoted HK$159—157 per thousand, and remittances 153—151. **Bank Notes:** Highest and lowest rates per foreign currency unit in HK$: England 16.69—16.55, Scotland and Ireland 14.00, Australia 12.65—12.63, New Zealand 15.30—15.27, Egypt 11.00, East Africa 15.40—15.30, West Africa 13.50, South Africa 16.40, Jamaica 13.50, Fiji 10.00, India 1.191—1.189, Pakistan 0.89—0.885, Ceylon 0.995, Burma 0.50, Malaya 1.845—1.832, Canada 6.4975—6.46, Cuba 5.00, Argentina 0.17, Brazil 0.07, Philippines 1.77—1.75, Switzerland 1.42, West Germany 1.42, Italy 0.0093, Belgium 0.11, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.46, France 0.01515—0.015, Vietnam 0.072—0.07, Laos 0.058—0.0575, Cambodia 0.0815—0.08, North Borneo 1.60, Indonesia 0.1655—0.157, Thailand 0.28—0.275, Macau 1.00—0.995. In Yen notes, there were some tradings in fictitious forwards; interest favoured sellers and amounted to 50 HK cents per Yen 100,000. Cash notes quoted $1,517.50—1,500.00 per Yen 100,000.

Gold Market

April	High .945	Low .945	Macau .99
22	Holiday		
23	$272⅜	270⅝	Low 281¼
24	271⅝	270¾	
25	272¼	271¾	281⅞ High
26	272½	271¾	
27	271⅝	271⅛	

Opening and closing prices were 272¼ and 271½; highest and lowest, 272½ and 270⅝. The market was steady. Interest favoured buyers and aggregated 79 HK cents per 10 taels of .945 fine. Tradings averaged 6,500 taels per day and totalled 32,500 taels for the week, in which 17,660 taels were cash transactions (3,060 officially listed and 14,600 privately arranged). Positions taken by speculators averaged 12,500 taels per day. Imports from Macau totalled 8,500 taels. 35,200 fine ounces arrived Macau in the week. Exports amounted to 10,500 taels (5,500 to Singapore, 4,000 to Indonesia, 1,000 to Rangoon). Differences paid for local and Macau .99 fine were HK$13.50—13.00 and 12.50—12.00 respectively per tael of .945 fine. Cross rates were US$37.82—37.79 per fine ounce; 32,000 fine ounces were contracted at 37.80 cif Macau. US double eagle old and new coins quoted $285 and 263 respectively per coin; English Sovereigns $63 per coin; Mexican gold coins $292 per coin. **Silver Market:** 500 taels of bar silver traded at $5.90 per tael; 600 dollar coins at $3.79 per coin. Twenty-cent coins quoted $2.90 per five coins.

HK SHARE MARKET

Business volume and quotations improved last week after Easter holidays. HK Banks recovered to early April level while Union Insurances reached 1957 record high of 985. Wheelocks attracted keen buyers at 7.50, highest since last December. Wharves improved by 4% to ex-dividend high of 104. Star Ferries had buyers at 136, closed with sellers insisting on 137. Yaumatis recovered the dollar lost in previous week. Lights at 18.40 ex-all, unchanged from previous week's closing rate of 21.40. Allied Invests and HK & FE Invests improved on better demand but Yangtszes had no buyers. With the exceptions of Docks and Textiles which registered slight drops, closing rates of other shares were steady to firm.

Monday: holiday. **Tuesday:** business on a light scale, fluctuations fractional; turnover $694,000. **Wednesday:** Steady throughout half-day session; $486,000. **Thursday:** better demand stimulated prices; $995,000. **Friday:** closed firm; $684,000. The Secretaries for Yangtsze Finance announced that on April 25, the shares had a statistical value of $9.24.

Dividends: The Rubber Trust Ltd. announced a net profit of HK$339,685 for year ended September 30, 1956; a dividend of 15 cents per share will be paid.

SINGAPORE SHARES

The approach of Easter holidays produced a quieter tone during the week ended April 18. Industrial shares have been the most sought after and a widespread list of gains recorded. Tin shares were steady but Rubber shares irregular. Loans continue in inquiry at quotations.

Consolidated Tin Smelter Ords. had numerous transactions at 33/6. Fraser & Neave Ords. continued upward and taken in quantity from $2.37½ up to $2.41. W. Hammer had heavy sales from $1.95 to $2.03. Henry Waugh firmer at $1.80, business done with buyers over. McAlisters were taken from $3 to $3.27½. Metal Box rose from $1.80 to $1.90. Overseas Chinese Bank, on the announcement that shareholders would receive one $10 ordinary share (credited as fully paid up) for every two $10 ordinary shares held, advanced to $36.50 buyers a gain of $4.50. Robinson Ords. from $1.65 up to $1.70. Sime Darby from $2.45 to $2.52½. Singapore Cold Storage declined from $1.81½ to $1.80. Singapore Traction Ords. were taken at 23/6 and 23/3 cd. Business passed in Straits Times from $3.40 to $3.45, Straits Traders from $31.50 up to $31.75 cd. cb. cci., United Engineer Ords. from $8.90 to $9 and in Wm. Jacks from $2.92½ to $3.22½ on the announcement of a scrip issue of one new share for every $2 of stock held. Aokam saw business from $1.47½ down to $1.42½. Austral Amalgamated after sales at 23/6, available at 3d. lower. Berjuntai had numerous transactions from 15/6 up to 15/9 but closed with sellers over at the higher price. Kuala Kampar changed hands at 41/1½ to 41/6, Malayan Tin from 16/4½ up to 17/2¼ xd.

Share	April 18	Last Week's Rate			Up & Down	Dividend	Annual Yield* (%)
		Highest	Lowest	Closing			
HK Bank	1650 s	1665	1640	1665	+$15	$80	4.80
Union Ins.	970 b	985	970 b	980	+$10	$34	3.47
Lombard	37.50 b	38	37.25 b	38	+50c	$2	5.26
Wheelock	7.15	7.50	7.20	7.50	+35c	75c	10.00
HK Wharf	100	104	103	104	+$4	$6	5.77
HK Dock	45	44.75	44.25	44.25	—75c	$2	4.52
Provident	11.90 s	12.30	11.90	12.30	+40c	$1	8.13
HK Land	35.25	35.75	35.50	35.50	+25c	$3.50	9.86
Realty	1.35	1.40	1.35	1.375	+2½c	15c	10.91
Hotel	14.50 b	14.80	14.60	14.80	+30c	$1	6.76
Trams	21.30	21.50	21.40	21.40	+10c	$1.70	7.94
Star Ferry	137 s	137 s	136	137 s	steady	$9	6.57
Yaumati	102 s	103	102	103	+$1	$7.50	7.28
Light	21.40	XAll 18.40	XAll 18.20 b	XAll 18.40	steady	$1.10	5.98
Electric	29	29	28.90	29	steady	$2	6.90
Telephone	24.60	24.80	24.40	24.80	+20c	$1.50	6.05
Cement	32.25	32.50	32.25	32.50	+25c	$4	12.31
Dairy Farm	14.80	14.90	14.80	14.80	steady	$1.63	11.01
Watson	11.60	11.60	11.40	11.60	steady	$1	8.62
Yangtsze	6 n	6.15 s	5.90 b	6 b	steady	70c	11.67
Allied Inv.	4.55	4.60	4.55	4.575	+2½c	25c	5.46
HK & FE Inv.	10 b	10.20	10	10.20	+20c	75c	7.35
Amal. Rubber	1.475	1.475	1.45	1.475	steady	30c	20.34
Textile	4.70	4.70 n	4.60 b	4.675	—2½	50c	10.70
Nanyang	8.15	8.20	8.10	8.20	+5c	80c	9.76

* Annual Yields are only ESTIMATES calculated with current X-All rates against last year's dividends.

arrival, and Petaling at $2.97½ and $2.95. Rantau on encountering profit-takers dropped from $2.14 to $2.00. Takuapa improved from 20/7½ to 21/3. Telok Kruin from $1.88½ to $2.05. Benta saw considerable business at $1.12½ and $1.15. Kempas were dealt in in quantity from $1.68½ down to $1.65. Riverview at 4/- and 4/6. Teluk Anson changed hands at $3.62½ and $3.65 cd. Ulu Benut advanced from 35 cents to 40 cents.

TRADE REPORTS

In the local commodity market last fortnight, prices of China produce were steady on improved but selective demand from Japan, Europe and SE Asia. Metals recovered from recent drops but buying offers from China and other sources were too low to stimulate quotations further. Paper remained firm on increased replenishment cost but transactions handicapped by short stock and low counteroffers from Korea and SE Asia. Pharmaceuticals and industrial chemicals registered only small turnovers; prices however were steady. Cotton yarn, cloth, sugar and cement retained strong local demand and steady exports to SE Asia; prices bullish. Wheat flour slowed down in local sales but improved exports kept prices firm. Rice market was sluggish.

Trade with China: While UK, US, Japan and other countries were discussing relaxation of embargo on trade with China, Peking absorbed substantial quantities of round bars and other items from here when prices were at low levels. To the local market, China continued to send large quantities of eggs and other foodstuffs but consignments of paper, cloth, window glass, tea, cement, raw silk and beans were still limited in volume. Reports from Canton claimed that at the export fair now being held there, businessmen from HK and other places purchased more than 100,000 pounds sterling worth of tea, animal products and other articles on the first day—April 25. Local businessmen were invited to attend the fair but to discourage smugglers from using this opportunity to send illegal goods to Canton, authorities there last week published a report on anti-smuggling activities during 1956 listing many common methods employed in 5,307 cases detected last year; highest penalty was 6-year imprisonment. Canton also alleged that most smuggling activities were directed by Kuomintang agents!

Trade with Japan: Japanese industrialists visited HK last fortnight included rayon manufacturers Mr. M. Ide and Mr. S. Katayama, textile man Mr. Tomiyoshi Kimura, and Hokkaido's cement, fertiliser, marine and agricultural producers. Cargo movements between HK and Japan remained very active; imports of cement, paper, textiles, sea food, electric appliances, fruits and sundries exceeded 7,000 tons; exports included 6,500 tons iron ore and 2,000 tons of scrap iron. From here, Japan bought China produce and scrap iron; during second week there were orders for steel bars but the volume was not yet substantial. Dealers here booked more sundries and other items from Japan. Demand for Japanese goods in the local market is now more strong from local retailers than from exporters; number of orders from SE Asia for Japanese products has been dropping since beginning this year while on the other hand, Japanese pharmaceuticals, nails, galvanized iron sheet, door hinges and other building fixtures, electric fans and other appliances, cameras, paper and mechanical toys are flooding retail shops in HK and Kowloon.

Trade with UK and Europe: Shipments to and from Europe (including UK) remained heavy. Cargo movements will slow down in May after the pending freight hike. Dealers here curtailed booking of woollen yarn from UK and Europe on account of increased cost; made no effort to order metals because local stock still heavy; wished to import more paper but unable to get early deliveries. On the other hand, British machinery and equipment, especially those used in building construction and air conditioning system, are enjoying growing local sales. Demand for German dyestuff is still restricted to local consumption; exports to China and other markets show no sign of recovery. French consumer goods manufacturers are anxious to develop local demand, but with the exceptions of patent medicines, perfumes and wines, other products are still not very popular. In exports, demand from UK for cotton textiles, shirts and other wearing apparel remained strong but there were fewer orders for gloves and rubber footwear. To promote exports to Europe, Government urged local manufacturers to participate in 23 different exhibitions to be held in Europe this year.

Trade with US: Local manufacturers sought cooperation from visiting Los Angeles Businessmen to (1) promote exports of HK products to US; (2) relax US customs restrictions thereby facilitating entry of HK products into US; (3) persuade shipping companies to reconsider freight hikes; (4) introduce US machinery and technique to modernise HK industries. The 5-man Los Angeles Chamber of Commerce trade delegations replied that the feeling about freight rates was mutual and that the mission would try to bring about a readjustment. They also suggested that (1) HK should have a representative in Los Angeles; (2) HK should have permanent exhibitions of various products in American cities; (3) HK should send to US products which only HK craftsmen could make and which Americans could not produce.

Government has arranged with US authorities to allow shipments of HK prepared white olives and black olives to US if covered by comprehensive certificates of origin. To prevent diversion of US exports to unauthorized destinations, Washington now require destination control statements on export declarations, bills of lading (or airway bills) and other export documents.

Trade with Indonesia: No purchasing authorizations reached here from Djakarta for HK cotton textiles (mostly yarn) against payment in US raw cotton; mills here however were told that deliveries should be made before end of July. On account of the Puasa Festival in Indonesia and Djakarta's curtailed imports of various items, commodity prices there advanced recently. Orders reached here from Djakarta during the fortnight covered only small quantities of nails, paper, rosin, garlic, grey sheeting. Exports to Indonesian ports outside Java island remained steady; principal items were knitwear, enamelware, plastic products, hurricane lanterns and other metalware, foodstuffs and sundries.

Trade with Thailand: Exports to Thailand further dropped to about 2,000 tons during the fortnight. Some dealers explained that this was caused by tight money in Bangkok and the approach of rainy season. However imports of rice, teak, live cattle, beans and other Thai staples remained heavy and HK's deficit in trade with Thailand further increased.

Trade with Korea: Demand from Korea for paper and other commodities improved but orders covered only selective items and buying offers were usually low. Transactions also handicapped by short stock here especially in the case of paper.

Trade with Taiwan: Imports of tea, garlic, straw board, cloth, feather, sugar and live hog exceeded 2,000 tons. Indications are that Taiwan will send more light industrial products (straw board, grey cloth, linen, electric fans, sugar) and less staples (citronella oil, feather, garlic) to the local market. From here Taiwan bought more essential supplies (metals, chemicals, pharmaceuticals, machinery and equipment) and less consumer goods.

Trade with Malaya: Exports to Malaya and Singapore remained heavy but dealers here received only a few orders during the fortnight for vegetables and other foodstuffs.

Trade with the Philippines: Orders reached here from Manila covered steel plate, galvanized wire and pipe, paint and foodstuffs. There were enquiries for yarn, cloth and other consumer goods but transactions handicapped by limited amount of foreign exchange allocated by Manila for imports from

HK. Reports from Manila indicated that authorities there were considering to conclude bilateral agreement with HK to balance HK-Phil trade which averaged a monthly deficit of $2.2 million to Manila during first three months this year. In other words, HK will have to buy more sugar, mangoes, rice bran, timber and other staples from the Philippines before local dealers could ship more exports there. Towards end last week dealers here learned that there was no more export quota for sugar left in Manila.

Trade with Cambodia, Laos & Vietnam: Partial lifting of price control in Cambodian markets stimulated prices there making imports from HK more profitable for merchants in Phnompenh. Dealers here therefore received more orders from this source for metals, flour, cotton cloth, cement and other building materials and construction equipment. Imports of scrap iron, rice, maize, beans, bran, groundnut kernel, feather, sesame and other staples exceeded 2,000 tons. Vientiane allocated more US Aid Funds for essential imports; traders there however sent here more enquiries than orders for wheat flour, cotton cloth, machinery and industrial supplies. Saigon bought garlic, flour, cement and foodstuffs from here but quantities involved were small; there were enquiries (but no orders) for torch, vacuum flask, fruit and herb medicines. In addition to barter restrictions, the pressure against Chinese merchants there adversely affected HK-Saigon trade. From Haiphong, dealers here imported about 1,000 tons of rice, feather, sea food, tea, aniseed star, cassia, herb medicines and other staples. Exports consisted chiefly of chemicals and pharmaceuticals covered by previous orders; purchases during the fortnight were slow.

Trade with Burma: Demand from Rangoon for consumer goods and factory items improved; orders however were limited to small quantities and covered selective items including tooth brush, metalware, canned goods, mirrors, plastic products, towels, wheat flour, paper and cotton yarn. Dealers here expect further improvement in exports to Burma because Rangoon will make at least part of her purchases (with US Aid Funds) from HK in near future.

Trade with India and Pakistan: Cargo movements between India and HK improved; imports of cotton, yarn and cloth exceeded 1,000 tons and exports of paper, cassia, torch and other metalware totalled about 1,000 tons. Imports of cotton and yarn from Pakistan far exceeded the volume of exports of cassia and HK products to that destination; however, imports of yarn showed a tendency of slowing down on account of increased indents.

Trade with Ceylon: A shop will be established in Kowloon on Chatham Road to display Ceylon products including rubber, marine goods, coconut, charcoal and minerals.

Trade with Africa: Dealers here received more enquiries from South Africa for rainwear, rayon piece goods, textiles with 50% and more cotton content, metals, scientific instruments, etc.; authorities there relaxed import control over these items. On the other hand, dealers reported that competition in exports to African markets intensified recently because more firms were sending goods there.

Trade with North Borneo: Imports of timber, firewood, rubber and scrap iron totalled 3,000 tons, far exceeding (in tonnage) exports of cement, used gunny bags, foodstuffs, etc. to that destination. Re-exports of HK products from North Borneo to the Philippines had recently declined on account of strict preventive measures recently adopted by Manila.

Trade with Australia: A welcome improvement in exports to Australia was registered since beginning this month but the volume was still less than imports from that destination. During the first three months, exports were actually $1.3 million lower than for same period last year while imports were $15.4 million higher. The recent relaxation of import control there should improve the situation but prospects depend on the ability of factories here to make their products more attractive (in price and quality) to Australian consumers.

Trade with Middle East: HK products enjoyed steady demand from Aden, Port Sudan, Al Kuwait and other M. E. ports; principal items were torch, batteries, enamelware, cloth, knitwear, shirt, plastic products, foodstuffs and spice. Bombay silk from North China also enjoyed steady demand from Persian Gulf countries. Dealers here offered Chinese paper, glass and other light industrial products to these countries; response was encouraging.

China Produce: Japan, Singapore, Europe provided strong demand for selective items including oilseeds, beans, rosin, garlic and woodoil. Supply of oilseeds and beans from SE Asia, particularly from Cambodia, remained steady; China, too, shipped here small quantities of soya bean. The volume of business in local market however was much less than last year; many transactions in rosin, turpentine, garlic, woodoil, etc. were concluded in forwards for shipments direct from China to buyers. This tendency is growing.

Metals: Stock of round bars and factory items remained heavy while more shipments arrived from UK and Europe; the sluggish market however was stimulated by orders from China and SE Asia. Japan, too, began to absorb round bars from here but the volume was not substantial and buying offers very low. Prices here firmed towards last weekend because beginning May, imports will be much less than the past 3 months; European indents also firmed. Items which recovered on orders from China, Cambodia, Philippines, Burma and Thailand were round bars, galvanized iron and black pipes, iron wire rod, iron nails, iron wire, blackplate, tinplate and waste waste, galvanized iron sheet, mild steel plate. Local demand for structural steels and steel window sash bar registered further improvement on account of the building boom. Scrap iron, however, declined under low buying offers from Japan; US prices, too, marked down.

Paper: Korea provided strong demand for almost all popular items but turnover restricted by short stock particularly in woodfree, sulphite, kraft, cellophane and aluminum foil of European origin. Prices firmed especially when supply from Europe tightened and imports from China and Japan dwindled. The market was also stimulated by orders from Thailand for manifold, m.g. cap, poster, newsprint in ream; from Burma for cellophane, straw board; from Cambodia for woodfree; and from local retailers and printing shops for newsprint, woodfree, poster, m.g. cap and straw board.

Pharmaceuticals: Influenza epidemic here brought unexpected business to local dispensaries in sales of patent medicines including aspirin, APC, cough drops and syrup, Albamycin and other drugs. (Albamycin hiked from $33 to $37 per bottle of 16 capsules of 250 mg each). Exports remained sluggish; there were only small consignments of penicillin tablets, saccharine crystal, aspirin to Singapore; sulfonamides and aspirin to China; glucose, phenacetin, PAS to Korea; amidopyrin, PAS to Taiwan; and phenacetin to India.

Industrial Chemicals: The sluggish market registered more enquiries than orders from Taiwan, Korea, China and South Vietnam for sodium bicarbonate, sodium bichromate, acetic acid, stearic acid, citric acid, cresylic acid, chlorate of potash, formalin, tanning extract, gum copal and arabic, red phosphorus, lithopone and sulphur powder. Prices were firm. Prospects for improvement doubtful because buyers would only order from here if prices could be forced down while dealers refused to oblige on account of high cost.

Cotton Yarn: HK yarn further stimulated by orders from Burma for 4,000 bales and enquiries from Philippines. Pakistan products firmed on slower imports and advanced indents. Japanese brands were dull in trading but steady in price; supply curtailed.

Cotton Piece Goods: HK grey attracted repeat orders from US following recent trial shipments; Philippines also interested in this item. Chinese grey cloth opened dull but improved later when supply became difficult on account of shortage on the Mainland. Japanese grey cloth firmed from recent decline on strong demand from Cambodia, Indonesia and local factories; cost also advanced and supply curtailed. Japanese white shirting retained strong local demand. Taiwan grey sheeting improved on local demand as well as orders from Cambodia. Indian grey eased under new supply.

Rice: Warm weather affected local consumption. Price eased because supply continued to arrive from Thailand and other sources; drops however were fractional.

Wheat Flour: HK products steady on strong demand from Korea, Singapore and Burma. US flour, too, steady on orders from SE Asia and restricted supply. Canadian and Australian brands arrived in large quantities during the fortnight; prices steady on enquiries from SE Asia. Local consumption lower on account of the warm weather.

Sugar: Imports from Taiwan remained heavy but prices here firmed on bullish international market and the unconfirmed report that neither Taiwan nor Philippines would accept new orders in the near future. Local demand improved with the approach of Summer. Taikoo products, too, firmed

Cement: SE Asia provided strong demand for Japanese products because supply of Chinese cement was cut to insufficient volume while HK products were booked up by local contractors.

Woollen Knitting Yarn: Dealers were discouraged from booking large quantities from various sources because UK indents were 10% higher than last year while quotations from Japan and Europe also advanced. Furthermore, demand from Cambodia, Taiwan and Korea was uncertain.

Window Glass: North Borneo, Thailand, Indonesia, Africa, Burma showed strong appetite for Chinese sheet glass. Dealers here however were unable to get enough supply from North China to meet the demand. Orders from Cambodia, South Vietnam were chiefly for Japanese brands.

Fountain Pen: Singapore and Indonesia provided strong demand for Japanese fountain pens. Several thousands of dozens were concluded at prices varying from $4.20 to $14.50 per dozen fob.

Gunny Bags: Trading slowed down after recent brisk exports; demand from Haiphong for new bags weakened. Used bags steady on orders from Thailand, Burma and Indonesia but quantities involved were discouragingly small.

Hen Eggs: Heavy supply from China brought prices here down to $1 for 8 to 10 pcs, medium size.

Frozen Foods: Imports of frozen meat and other frozen foods from China curtailed. Dealers here reported that many items were not properly packed and profit was affected by high percentage of spoilt food; indents were also higher than last year. As a result, local dealers recently imported large quantities of frozen chicken, hogs and other foods from US. Australia remained an important supplier of frozen meat.

HK Products: In New York, HK products attracted keen enquiries at the World Trade Fair which ended on April 27.

Methyl Alcohol: Only licenced importers, dealers and retailers are now allowed to handle this item.